British Columbia Utilities Commission

2003/04 Annual Service Plan Report

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BRITISH COLUMBIA UTILITIES COMMISSION

British Columbia Utilities Commission

2003/04 Annual Service Plan Report

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Vancouver, BC
June 2004

To the Lieutenant Governor in Council

MAY IT PLEASE YOUR HONOUR:

Pursuant to the Utilities Commission Act and the Budget Transparency and Accountability Act, I respectfully submit this Report on the activities of the British Columbia Utilities Commission for the fiscal year 2003/04.

Section 13 of the Utilities Commission Act requires the Commission to submit a report to the Lieutenant Governor in Council for the preceding fiscal year, setting out briefly all applications and complaints, summarizing Commission findings, and reporting on other matters considered in the public interest. Consistent with the Budget Transparency and Accountability Act, the reporting timeframe is for the fiscal year.

This Annual Report also serves to report on the British Columbia Utilities Commission's Service Plan for the period 2004/05 through 2006/07, dated January 31, 2004.

ROBERT H. HOBBS
Chair and Chief Executive Officer

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Standard Abbreviations & Acronyms

UTILITY/APPLICANT

Aquila Networks Canada (British Columbia) Ltd.[1]	Aquila
British Columbia Hydro and Power Authority	BC Hydro
Central Heat Distribution Limited	CHDL
FortisBC Inc.[1]	FortisBC
Hemlock Valley Electrical Services Limited	HVES
Pacific Northern Gas Ltd.	PNG, PNG-West
Pacific Northern Gas (N.E.) Ltd.	PNG (N.E.)
Plateau Pipe Line Ltd.	Plateau
Port Alice Gas Inc.	Port Alice Gas
Princeton Light and Power Company, Limited	PLP
Silversmith Light & Power Corporation	Silversmith
Stargas Utilities Ltd.	Stargas
Sun Peaks Utilities Co., Ltd.	Sun Peaks
Sun Rivers Services Corp.	Sun Rivers
The Corporation of the City of Nelson	City of Nelson
Terasen Gas Inc. (subsidiary of Terasen Inc.)	Terasen, Terasen Gas, TGI
Terasen Gas (Whistler) Inc.	Terasen Whistler, TGW
Terasen Gas (Vancouver Island) Inc.	Terasen VI, TGVI
Terasen Gas (Squamish) Inc.	Terasen Squamish
Terasen Multi-Utility Services Inc.	Terasen MUS, TMUS
Trans Mountain Enterprises of British Columbia Limited	TME
The Yukon Electrical Company Limited	YECL

OTHER

Agent Billing and Collection for Transportation Service	ABC-T
Allowance for Funds Used During Construction	AFUDC
Alternative Dispute Resolution	ADR
Apartment Customer Rates	ACR
Certificate of Public Convenience and Necessity	CPCN
Energy for our Future: A Plan for BC	Energy Plan or Energy Policy
Gas Cost Reconciliation Account	GCRA
Gas Cost Variance Account	GCVA
Independent Power Producers	IPPs
Large General Service	LGS
Natural Gas Vehicles	NGV
Return on Common Equity	ROE
Small General Service	SGS
Utilities Commission Act	the Act, UCA

1 On June 1, 2004 Aquila Networks Canada (British Columbia) Ltd. changed its name to FortisBC Inc.

Organizational Overview

Introduction

The British Columbia Utilities Commission ("the Commission", "BCUC") is a regulatory agency of the Provincial Government, operating under and administering the Utilities Commission Act ("UCA", "the Act"). The Commission's function is quasi-judicial and it has the power to make legally binding rulings. Decisions and Orders of the Commission may be appealed to the Court of Appeal on questions of law or jurisdiction. The Commission's primary responsibility is the regulation of the public utilities under its jurisdiction and, effective August 12, 2003, the regulation of certain aspects of automobile insurance pursuant to the Insurance Corporation Amendment Act.

Through an open and transparent regulatory review process, the Commission ensures that the:

- rates charged for energy are fair, just and reasonable;
- energy utility operations provide safe, adequate and secure service to their customers;
- shareholders of public utilities under its jurisdiction are afforded a reasonable opportunity to earn a fair return on their invested capital;
- Insurance Corporation of British Columbia ("ICBC") universal compulsory automobile insurance is adequate, efficient, just and reasonable; and
- ICBC optional insurance is not subsidized by other ICBC operations.

The Commission also reviews energy-related and basic insurance matters referred to it by Cabinet. These reviews usually involve public inquiries, followed by a report and recommendations to Cabinet. In addition, under Part 7 of the Pipeline Act, the Commission establishes tolls and conditions of service for intraprovincial oil pipelines. The Commission has responsibilities under the UCA for electricity transmission facilities, energy supply contracts and the issuance of gas marketer licences, matters that are likely to become more active as the reorganization of the energy industry proceeds. The Commission also approves the construction of new facilities planned by energy utilities and their issuance of securities.

The Commission has been self-funded since 1988. Its costs are recovered primarily through a levy on the public utilities it regulates. The work of the Commission is important to the population of BC because the effects of regulation instill a high degree of public confidence that competing interests among monopoly utilities, consumers and other stakeholders are reconciled. Likewise, the effects of regulation send a message to the community beyond British Columbia ("BC") that the province is a safe and fair place to do business.

The Act provides for a Chair, one or more Deputy Chairs, up to seven Commissioners (including the Chair and Deputy Chair[s]), and Temporary Commissioners. All are appointed by the Lieutenant Governor in Council. As of March 2004, there are seven Temporary Commissioners, two Commissioners and the Chair. There are 22 Commission staff, including professional engineers, accountants, economists, and administrative staff. The Commission is located in Vancouver at 900 Howe Street.

Commission staff are organized into an Information Services Group and a Regulatory Affairs and Planning Group. The Information Services Group handles complaints from ratepayers, provides research support, and compiles statistics and information to respond to inquiries from the public. The Regulatory Affairs and Planning Group comprises three functional units: strategic services, rates and finance, and engineering and commodity markets. To effectively deliver its core business, the Commission has organized its regulatory functions by tasks, utilizing the knowledge of its interdisciplinary teams.

1.1 Vision

To be a respected regulator of public utilities.

1.2 Mission

To exercise our regulatory mandate in a manner that serves the public interest and that is independent, principled and respectful of the interests and resources of all parties.

1.3 Value Statements

The Commission is committed to:

- Ensure arms-length, independent, and accountable regulation of utilities.
- Apply regulatory principles, research and industry knowledge to resolve public utility problems.
- Render decisions that are timely, fair, workable and respected.
- Write high quality decisions, reports and publications.
- Communicate effectively and transparently with co-workers, utilities, ratepayers, government and the public.
- Promote learning, innovation, creativity and the achievement of personal and professional goals.

Commission Services

In addition to its regulatory responsibilities, the Commission provides the following services and assistance:

- review ratepayers' complaints about the actions of utilities;
- provide copies of documentation prepared by the Commission (e.g., Brochures, Guidelines, Orders, Decisions, etc.) at no charge. These documents are also posted and available for download from the Commission's web site: http://www.bcuc.com;
- provide access to regulated utilities' Tariffs;
- provide access to information filed in public hearings; and
- respond to requests for general information regarding utilities.

Regulatory Functions and Responsibilities

The Commission meets regularly to review utility applications, to authorize the issuance of Commission Orders or other directives considered necessary and in the public interest, to review complaints and to conduct other necessary Commission business. The regulatory tasks are carried out using an interdisciplinary team approach. The team assigned to a task is normally composed of specialists from disciplines of engineering, accounting and economics and is advised, as appropriate, by legal counsel and specialist consultants retained by the Commission.

Message from the Chair and Chief Executive Officer

The British Columbia Utilities Commission has experienced more change in 2003/2004 than in any other time in its history. During 2003/04, four Bills were promulgated that dramatically changed the responsibilities and the authority of the Commission: 1) Bill 39 - 2003, Transmission Corporation Act, 2) Bill 58 - 2003, Insurance Corporation Amendment Act, 3) Bill 40 - 2003, Utilities Commission Amendment Act, and 4) Bill 85 - 2003, BC Hydro Public Power Legacy and Heritage Contract Act.

I am pleased to report that the British Columbia Utilities Commission has achieved the goals it set for itself in its Service Plan for the period 2003/2004 through 2005/2006, dated January 31, 2003.

The Commission:

- developed new policies, procedures and guidelines in order to comply with the Energy Plan and the government's reductions in regulatory commitments;
- ensured the financial viability of the utilities it regulated;
- maintained and improved public worker safety, and enhanced the quality and reliability of utility service;
- maintained and improved customer satisfaction with utility services;
- enhanced Provincial competitiveness through non-discriminatory services and containment of cost of service increases; and
- continued to control the cost of regulation which is approximately $0.01/GJ of energy sold and approximately 1/10 of 1 percent of the revenues collected by utilities.

The costs, activity levels and application cycle times of the Commission continue to compare favourably with past years and it remains among the most efficient energy regulators in North America.

The upcoming year promises to be challenging for the Commission as it continues to bring the BC Transmission Corporation, BC Hydro and ICBC into regulation. A BC Hydro Revenue Requirements proceeding is underway and will be completed during the summer of 2004. BC Hydro filed its 2004 Integrated Electricity Plan, together with its Resource Expenditure and Acquisition Plan, on March 31, 2004. BCTC filed its capital additions plan on May 31, 2004 and is expected to file an application for a review of its transmission tariffs during the summer of 2004. ICBC is to file an application concerning cost allocation and its 2005 Revenue Requirement by July 5, 2004. BC Hydro is expected to file a rate design application in the fall or winter of 2004. The Commission anticipates that it will process and review all of these applications in an efficient and timely manner.

Robert H. Hobbs
Chair and Chief Executive Officer

The Year in Review

The UCA was amended in 2003 to provide a mandate to the Commission to implement the policy actions of the Province's Energy Plan released on November 25, 2002, and to undertake the regulation of certain aspects of basic automobile insurance. Amendments to Section 45 of the UCA expand upon and clarify the planning requirements of utilities and the Commission's role to review these plans to determine whether expenditures are in the public interest and whether associated rate changes are necessary and appropriate. Other amendments to the UCA provided the Commission with the authority to license gas marketers in anticipation of unbundling and customer choice for Terasen Gas Inc.'s ("Terasen Gas") commercial customers.

The Commission also began the process of re-regulating the rates of British Columbia Hydro and Power Authority ("BC Hydro").

Highlights in Operational and Financial Performance

Proceeding Days

The number of proceeding days increased in 2003/04 to a total of 61 (including hearings, dispute resolution, workshops, pre-hearing conferences, town hall meetings and meetings related to annual reviews of Performance-Based Regulation agreements). There were 31 oral public hearing days in 2003/04, up from 15 in 2002/03. There were 9 dispute resolution days in 2003/04 and 21 days dedicated to pre-hearing conferences and workshops.

The increase in the total number of hearing days is the result of several hearings related to unusual circumstances such as the return of most of Centra Gas (Vancouver Island) [now Terasen Gas (Vancouver Island)] rates to cost-based regulation, the review of the Vancouver Island Generation Project, and the Inquiry into a Heritage Contract, Stepped Rates and Transmission Access.

The Commission's costs in constant dollars decreased substantially from levels established in the early 1990's, until 1998/99 at which time they levelled out. Costs in 2003/04 increased for the reasons described above. Details and graphs are included in the section entitled Performance Indicators beginning on page 60.

Organizational Efficiency and Effectiveness

The staffing level at the Commission in 2003/04 increased to 22, as a result of the increased responsibilities of the Commission and the requirement to initiate comprehensive reviews for entities that had not been regulated before (ICBC) or had not been substantially reviewed for some time (BC Hydro). Staffing expenditure constituted approximately 54 percent of the Commission budget in 2003/04. In past years the Commission succeeded in maintaining or lowering its budget and core expenditures in real terms by moving away from the traditional cost-of-service approach to performance-based regulation ("PBR"), offering potentially lower regulatory costs. At the same time, interest-based negotiation often proved more effective for settling differences among market participants. These results-based practices allowed the BCUC to keep its costs reasonable in terms of the services to ratepayers and utilities. However, a public hearing process can be the preferred and more appropriate process, depending on the nature and circumstances of an application. In 2003/04, several of the proceedings were better suited to a public hearing process than a negotiated settlement process ("NSP"). This, plus the additional responsibilities related to the regulation of certain aspects of basic automobile insurance, has increased the costs of the Commission.

Pursuant to Section 118 of the UCA, the BCUC has the authority to grant cost awards to intervenors in a proceeding before the Commission. The Commission has issued Participant Assistance Cost Award Guidelines ("PACA Guidelines") to ensure that intervenors' submissions are useful, their efforts do not duplicate each other's, and costs claimed are reasonable. In 2003/04, the Commission revised the PACA Guidelines. It also issued 11 participant funding decisions totaling $863,714.51 in cost awards.

The costs of the Commission can be measured by cost per utility customer and cost per unit of energy sold. In fiscal 2003/04, the cost of regulation per customer is $1.06 (in 2003 dollars, up from $0.92 in 2002/03), primarily reflecting the higher number of hearing days. The cost of regulation per gigajoule ("GJ") of energy sold is 0.93 cents. The total expenditure for fiscal 2003/04 was $4,316,927 million; the approved budget was $4,733,000 million.

Highlights in Natural Gas

Natural Gas Commodity Costs

Continental gas prices are influenced in the short term by weather, the economy, the price of competing fuels, and gas storage levels. The level of economic activity, number of wells drilled, oil prices, and other factors affecting the gas supply/demand balance impact gas prices over the longer term. Gas turbines were the recent

choice for many electricity generators due to improved efficiency, lower capital cost and environmental benefits, and regional gas demand will be significantly influenced by the amount of new gas-fueled generation that is built in the region.

The sharp increase in continental market prices for natural gas in the winter of 2000/01 reversed in spring 2001 due to moderate weather, more well drilling and a slowing North American economy. Gas prices were relatively stable over the remainder of 2001 and most of 2002, although prices were higher than prior to 2000. Gas demand has become more weather-dependent, and colder weather in the eastern half of the continent in winter 2002/03 depleted storage and caused gas prices to spike somewhat in February and March 2003. Prices remained strong over summer 2003, but forward gas prices moderated slightly going into winter 2003/04 with storage refilled and well drilling at very high levels. High oil prices and the stronger United States ("U.S.") and Canadian economies have caused gas prices to strengthen in early 2004. Due to these factors plus weather uncertainty, fewer credit-worthy participants and limited liquidity in British Columbia gas markets, future gas prices are expected to be volatile and high relative to long-term averages.

Experience from the winter of 2001/02 demonstrated the significant impact of very high prices on consumers' cost of living and businesses' operating costs. There was a public expectation that regulators could somehow "save" consumers from high gas commodity costs, even though costs have been set by market forces and passed on to the customers without mark-up by the utilities for over 15 years.

Although the BCUC does not regulate the competitive market for the natural gas commodity, it requires utilities to provide quarterly reviews of gas prices and deferral account mechanisms. Such mechanisms are intended to smooth out changes in utility rates when gas prices change. British Columbia customers tend to pay less than the full gas cost when gas prices are high and pay slightly more than the actual cost when gas prices are low. The debit balances that accumulated during 2000/01 were largely paid back by customers to the utilities by the end of 2003. The Commission reviews utility gas supply contracting and hedging plans to ensure that, within the limits of market prices, the utilities purchase reliable supplies at the lowest cost possible. However, even with such measures, a risk remains that significant, sustained increases in the cost of the unregulated commodity could drive natural gas rates to uncomfortable levels for consumers.

Commercial Unbundling and Customer Choice

The trend toward reorganization in energy markets throughout North America is leading to increased pressure on the BCUC from customers and energy providers alike to ensure that customers are offered more options and that utility services are provided in a fair, open and non-discriminatory manner. The entry of non-

regulated companies, including affiliates of regulated utilities, increases the complexity of regulating energy utility services. A necessary condition for securing competitive prices for natural gas and electricity is that remaining monopoly transmission and distribution utilities be regulated to ensure market participants receive fair access to deliver their energy at non-discriminatory rates.

As a result of the Energy Plan, Terasen Gas will implement Commodity Unbundling Service for small commercial customers effective November 1, 2004. Large volume customers already have access to alternative suppliers. In this program, small commercial customers will be permitted to select a natural gas supplier other than Terasen Gas on a fixed price contract basis for up to five years. Depending on the success of the first phase in attracting a significant number of small commercial customers, the program will be expanded to include residential customers. In the interim, Terasen Gas will offer a Stable Commodity Rate option for residential service that will be introduced effective January 1, 2005. Residential customers can select this alternative to fix the commodity portion of their gas rates for one year.

In order to successfully introduce this first phase, rules for Gas Marketers, including a Code of Conduct and licensing requirements, and utility tariffs and charges have been developed to provide a framework to facilitate the transition to commercial unbundling. Terasen Gas is implementing a combination of manual and computer controlled systems as this will keep costs to a minimum and at the same time systems can be scaled to serve a broader residential customer base over time. The program is being staged with small commercial customers followed by residential, as there is a significant investment risk, namely, that an insufficient number of residential and small commercial customers will participate to justify the high costs of full scale implementation. The phased approach, beginning with the small commercial class, is a cost effective alternative. Nevertheless, risks remain that small commercial customers will not participate in sufficient numbers to justify the cost or that customer confidence in the program could be tarnished by marketer abuses or consumer misunderstanding.

Pacific Northern Gas

In December 2003, Tricor Acquisition (STP) Inc. completed the acquisition of a 40 percent interest in Pacific Northern Gas ("PNG") from Duke Energy. The proposed acquisition was approved by the Commission in October 2003. In January 2004, PNG applied to the Commission to recapitalize under an income trust ownership structure. An income trust owns securities (debt and equity) issued by an underlying business which pays substantially all of its cash flow as interest and dividends on shareholder notes and common shares held by the income trust. PNG's application to recapitalize under an income trust ownership structure is being reviewed in conjunction with an application by PNG (West) to amend its 2004 rates. A decision on both applications is pending.

Highlights in Electricity

Implementation of the Energy Plan

In May 2003, the Province created the British Columbia Transmission Corporation ("BCTC"), to manage, maintain and operate the transmission assets of BC Hydro, and to ensure open and non-discriminatory access to the BC transmission system for all electricity producers. BCTC officially commenced operations on August 1, 2003.

As required by the Energy Plan, the Commission completed its review of BC Hydro's application to construct the Vancouver Island Generation Project ("VIGP"), and issued its Decision on September 8, 2003. In its Decision the Commission concluded that VIGP had not been established as the most cost-effective means to reliably meet Vancouver Island power needs and encouraged BC Hydro to proceed with a Call for Tenders ("CFT"). BC Hydro's CFT process is currently underway and is being monitored by the Commission.

The Commission also completed its Report and Recommendations on a Heritage Contract to preserve the benefits of BC Hydro's existing low-cost generation, and on stepped rates and transmission access for large customers. The Commission's Report and Recommendations was issued on October 17, 2003, and the Government issued its response on December 18, 2003. By way of response the Province issued Heritage Special Directive No. HC1 ("HC1"), Heritage Special Direction No. HC2 ("HC2") with the Heritage Contract attached, and Special Direction No. 9 ("SD9").

The Energy Plan also contemplated that the Commission would resume regulating BC Hydro rates. In December 2003, BC Hydro filed an application for a general rate increase of 7.23 percent effective April 1, 2004 on an interim basis (until a review of the application is complete and the Commission's determination on final rates is issued), and a further increase of 2.0 percent effective April 1, 2005. By Order No. G-8-04, the Commission approved an increase of 7.23 percent effective April 1, 2004 on an interim basis subject to refund with interest following the public hearing. On March 30, 2004, BC Hydro revised its application to a request for a 8.9 percent increase in 2004 (7.23 percent effective April 1, 2004 and a further 1.67 percent effective 30 days after the BCUC's final Decision). Also in December 2003, the BCTC filed an application for certain deferral accounts. In January 2004, the Commission issued a regulatory timetable leading to an oral public hearing in May 2004 to review both applications at the same time. The Commission's decision is pending.

Energy Trade

Energy trade with other jurisdictions is important to our province as a source of substantial revenue to government and BC Hydro ratepayers. Under Special Direction No. HC2 net trade income up to $200 million is credited to ratepayers.

Electricity trade revenues tend to be highest when market prices are high. In the western U.S. low levels of electricity infrastructure investment, low precipitation and growing demand led to abnormally high market prices and shortages during peak periods in 2000. In 2001 and 2002, a reversal of these factors led to a surplus of electricity and a reduction in the market prices for electricity. In fiscal 2003, gross trade revenues were $1,932 million and net electricity trade income was $138 million.

Cross-jurisdictional bodies facilitate trade but constrain the ability of the province to formulate policies in isolation of events outside its border. Events in other jurisdictions can significantly affect the level of trade or the amount of revenue arising from energy trade. In order to remain informed of such events, the BCUC has ties with tribunals in neighbouring provinces and states and participates in cross-jurisdictional initiatives such as the Western Electric Coordinating Council ("WECC") and the Regional Transmission Organization ("RTO") formation. The Commission also plays an active role in the Canadian Association of Members of Public Utility Tribunals ("CAMPUT"). The Commission continues to explore with other regulators harmonization, standardization, and streamlining of regulation within the limits of its enabling legislation.

Fortis Acquisition of Aquila

On December 1, 2003, Fortis Pacific Holdings Inc. ("Fortis") and Aquila Networks Canada (British Columbia) Ltd. ("Aquila") applied to the Commission for approval to transfer 100 percent of Aquila's common shares to Fortis, an indirect wholly-owned subsidiary of Fortis Inc., a diversified Canadian electric utility holding company. The Commission reviewed the applications through a written public hearing process and on April 30, 2004, issued Order No. G-39-04 and Reasons for Decision approving the Fortis acquisition and the registration of the transfer of shares on the books of Aquila. On June 1, 2004, Aquila changed its name to FortisBC Inc.

Highlights in Automobile Insurance

The Commission's mandate was expanded to regulate certain aspects of automobile insurance effective August 12, 2003. The Commission conducted an abbreviated written hearing process in 2003/04 to review Basic insurance rates for 2004 and meet ICBC's requirements for a decision by November 17, 2003.

ICBC filed applications in February 2004 relating to ICBC Performance Measures and to ICBC Basic Insurance Information Sharing. The former proposes certain performance measures for assessing ICBC's fulfillment of its mandate to provide Basic automobile insurance. The latter application, relating to Basic Insurance Information Sharing, proposes to share with competitors aggregated exhibits on Basic automobile insurance similar to those published in industry standard Green Books and combined third-party liability information from both Basic and Optional insurance. The Commission has directed that the applications be reviewed through a Negotiated Settlement Process ("NSP").

Given that automobile insurance in BC has not been previously regulated, stakeholders are likely to be unfamiliar with the principal regulatory issues and processes. It will be necessary for the Commission to leverage its expertise in energy regulation to automobile insurance regulation. To assist stakeholders in becoming familiar with regulatory processes, the Commission hosted a workshop on regulatory procedures prior to the NSP. ICBC has been directed to file an application with respect to cost allocation and 2005 revenue requirements by July 5, 2004.

2003/04 Regulatory Highlights

Regulatory proceedings before the Commission included:

- AQUILA NETWORKS CANADA (BRITISH COLUMBIA) LTD. ~ Certificate of Public Convenience and Necessity Application for the South Okanagan Supply Reinforcement Project and the British Columbia Hydro and Power Authority General Wheeling Agreement Application (Order No. G-3-03; Reasons for Decision)
- BRITISH COLUMBIA HYDRO AND POWER AUTHORITY ~ Heritage Contract Inquiry into BC Hydro's existing Generation Resources and Stepped Rates and Transmission Access (Inquiry requested by the Lieutenant Governor in Council) (Report and Recommendations dated October 17, 2003; Order No. G-23-03)
- BRITISH COLUMBIA HYDRO AND POWER AUTHORITY ~ Net Metering Rate Schedule 1289 (Order No. G-26-04; Reasons for Decision)
- PRINCETON LIGHT & POWER COMPANY, LIMITED ~ Amendments to Electric Tariff BCUC No. 5 (Order No. G-46-03)

- PRINCETON LIGHT & POWER COMPANY, LIMITED ~ 2003/04 Revenue Requirements and Pass-through of Decreased Power Purchase Costs (Order No. G-32-03)

- TERASEN GAS INC. ~ Commodity Unbundling and Customer Choice Phase 1 (Order No. G-25-04; Reasons for Decision)

- TERASEN GAS INC. ~ Market-Based Commodity Rates for Rate Schedules 7, 10, 14, and 14A for the 2003/04 Gas Contract Year (Order No. G-25-03; Reasons for Decision)

- TERASEN GAS INC. ~ Operating Agreement and Addendum with the District of Salmon Arm (Order No. C-7-03; Reasons for Decision)

- TERASEN GAS INC. ~ Operating Agreement and Addendum with the City of Penticton (Order No. C-8-03; Reasons for Decision)

- TERASEN GAS INC. ~ Multi-Year Performance-Based Rate Plan to set Rates for 2004-2008 (Order No. G-51-03; Negotiated Settlement)

- TERASEN GAS INC. ~ 2003 Annual Review of 2004 Revenue Requirements (Order No. G-80-03)

- TERASEN GAS INC. ~ 2004 Revenue Requirements for the Fort Nelson Division (Order No. G-17-04; Reasons for Decision)

- TERASEN GAS (VANCOUVER ISLAND) INC. ~ 2002 Actual Deficiency, Forecast 2004 Royalty Adjusted Cost of Gas, Amortization of Gas Cost Variance Account Balance, Creation of Apartment Rate Class (AGS) and 2004 Customer Rates (Order No. G-81-03; Reasons for Decision)

- TERASEN GAS (WHISTLER) INC. ~ 2003 Revenue Requirements (Order No. G-26-03; Negotiated Settlement)

- TERASEN GAS (WHISTLER) INC. ~ 2004 and 2005 Revenue Requirements (Order No. G-14-04; Negotiated Settlement)

- VANCOUVER ISLAND ENERGY CORPORATION ~ Certificate of Public Convenience and Necessity for the Vancouver Island Generation Project (Decision dated September 8, 2003; Order No. G-55-03)

- INSURANCE CORPORATION OF BRITISH COLUMBIA ~ 2004 Revenue Requirements and Compulsory Automobile Insurance Rate (Decision dated November 12, 2003; Order No. G-75-03)

Brief summaries of the above-noted decisions and others may be found commencing on page 47 of this Report.

Assistance to the Governments of Saskatchewan and the Yukon

Under contract, Commission staff continue to assist the Governments of Saskatchewan and the Yukon on regulatory matters. The revenue received from these contracts reduces the cost of regulation in BC.

2004/05 Anticipated Events

During the 2004/05 fiscal year the Commission expects to complete its reviews of the following major applications:

- British Columbia Hydro and Power Authority 2004/05 and 2005/06 Revenue Requirements Application and British Columbia Transmission Corporation Application for Deferral Accounts (Decision pending)
- Terasen Gas Inc. Cost Allocation Application for Commodity Unbundling and Customer Choice Phase 1 (Small Commercial Unbundling)
- Pacific Northern Gas Ltd. 2004 Rates and Income Trust Ownership (Decision pending)
- Princeton Light & Power Company, Limited 2004/05 Revenue Requirements Application
- Insurance Corporation of British Columbia Performance Measures and Basic Information Sharing
- Insurance Corporation of British Columbia 2005 Revenue Requirements and Rates for Compulsory Insurance
- Fortis Pacific Holdings Inc. 2005 Revenue Requirements Application for Aquila Networks Canada (British Columbia) Ltd.
- British Columbia Transmission Corporation Rate Design Application
- British Columbia Transmission Corporation Revenue Requirements Application
- British Columbia Hydro and Power Authority Rate Design Application
- British Columbia Hydro and Power Authority Stepped Rates and Time-of-Use Rates Application
- British Columbia Hydro and Power Authority Call for Tenders for Electricity Generation on Vancouver Island
- Pacific Northern Gas Ltd. 2005 Revenue Requirements Application

Report on Performance

The Commission's overarching mandate is to ensure that ratepayers receive safe, reliable and non-discriminatory energy services at fair rates from regulated energy utilities; that shareholders of those energy utilities are afforded a reasonable opportunity to earn a fair return on their invested capital; that service to basic automobile insurance policyholders is adequate, efficient, just and reasonable and that ICBC optional insurance is not subsidized by other ICBC operations. The BCUC also has a mandate to ensure that customer complaints of unfair treatment by utilities are heard and dealt with fairly.

To effectively deliver its core services, the Commission has organized its regulatory functions by area of activity, built on the knowledge of its interdisciplinary teams. The primary areas of activities are:

(1) Revenue Requirements;
(2) Rate Design;
(3) Capital Projects Review;
(4) Oversight of Energy Commodity Cost and Competitive Market Development;
(5) Safety and Reliability; and
(6) Information Service and Complaints.

It is the aim of the Commission to deliver its core services in an efficient and effective manner without incurring unnecessary costs and burdensome regulatory requirements.

The following tables report on the Commission's performance in its core services for the 2003/04 planning period. The Goals, Strategies and Activities, Outputs and Outcomes, and Target and Quality Indicators are from the Commission's 2003/04 Service Plan, tabled on January 31, 2003. The outermost columns summarize the Commission's performance over the 2003/04 Service plan period and, if applicable, how and why actual results vary from targeted performance.[1]

1 The tables do not report on the performance of the Commission in respect of its mandate to regulate ICBC 's basic automobile insurance because this mandate had not been finalized at the time the 2003/04 Service Plan was tabled.

GOAL 1: Implement the policy actions of B.C.'s new Energy Plan

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Amend Utilities Commission Act in 2003 for purposes of Energy Policy implementation and related procedural efficiency initiatives.	Amend Act to enable: •direct natural gas sales (Policy Action #19) •performance-based and results-based regulation (Policy Action #12) •Heritage Contract (possibly separate legislation) (Policy Action #1) •removal of disincentives for distributors to invest in conservation and efficiency (Policy Action #23) •least-cost resource acquisition processes of B.C. Hydro, Aquila and other investor-owned utilities (Policy Action #9).	Amendments to Utilities Commission Act in force by June 2003	Outcome complete. Target and quality indicator attained.	●
		Revise Commission's Negotiated Settlement Process Guidelines by Fall 2003.	Postponed.	◐
Implementation of a legislated Heritage Contract to preserve the benefits of B.C. Hydro's existing generation (Policy Action #1).	Terms of Reference of s.5 Utilities Commission Act, inquiry in January 2003; Commissioner(s) appointed; Report and Recommendations to Cabinet by October 2003; followed by Special Direction and/or legislation.	Report to Cabinet by the date established in the Terms of Reference, with recommendations on terms and conditions for Heritage energy based on a return consistent with private utilities.	Outcome complete. Target and quality indicator attained.	●
The re-regulation of B.C. Hydro rates (Policy Action #5).	Phased Oral Public Hearings into generation, transmission and distribution revenue requirements for 2003/04, following Heritage Contract Cabinet Decision in Winter 2003/04 (Policy Action #5): •possibly separate review of wholesale transmission rates and participation in RTO West (Policy Action #16) • Multi-Year Performance-Based Ratemaking using Negotiated Settlement Process in 2004 • hearing to develop new stepped and time-of-use pricing for B.C. Hydro Large Volume customers in 2004 (Policy Action #21).	Timely, well articulated Decisions with Reasons, in response to each Application.	BC Hydro revenue requirements hearing in process. Rate design applications expected in 2004 and 2005.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Recruit two new full-time Commissioners (Policy Action #12) and two new staff in Regulatory Affairs.	Appointment Plan to Premier's Office in early 2003.	New Commissioners and staff appointed by June 2003.	Outcome complete. Target and quality indicator attained.	●
Commission review of whether the Vancouver Island Generation project should proceed (Policy Action #6).	Public review of Certificate of Public Convenience and Necessity (CPCN) Application (if B.C. Hydro is developer) or electricity supply contract (if Independent Power Producer is developer), followed by Commission Decision.	Commission Decision, with well articulated Reasons, within seven months of application by B.C. Hydro and/or IPP.	Outcome complete. Target and quality indicator attained. On March 12, 2003, the Vancouver Island Energy Corporation applied for a CPCN for the Vancouver Island Generation Project. On September 8, 2003, by Order No. G-55-03, the Commission issued its decision denying VIEC a CPCN for the Vancouver Island Generation Project.	●
Implementation of customer choice of natural gas commodity supplier to core market (Policy Action #19) (Agent Billing and Collection for Transportation).	Renew Market Unbundling Group activities to confirm marketer, utility and customer support and cooperation. Enabling legislation in Spring 2003 to allow direct sales to core market, require the licensing and bonding of marketers, and eliminate supply contract filing requirements for Large Volume customers.	Establish Rules, including bonding/security deposit, to obtain gas marketing license in late 2003.	Letter No. L-25-03 determined business rules for commodity unbundling. Order G-90-03 established License Application requirements, Code of Conduct and Rules for Gas Marketers. Target and quality indicator attained.	●
		Choice for Terasen Gas customers implemented in November 2004.	Ongoing. Orders No. G-90-03 and G-25-04 approved tariffs, and Marketer license applications are being processed for November 2004 implementation of unbundled commodity option for Terasen Gas commercial customers.	●

Satisfactory ●
Needs Improvement ◎
Unsatisfactory ○

GOAL 2: **Ensure that utilities are financially viable and capable of providing high quality service to customers.**

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Determine a fair Return on Equity ("ROE") for a low-risk benchmark utility.	Calculation of the allowed low-risk benchmark ROE at the end of each year.	Publication of the resulting ROE by early December each year so that utilities can incorporate the results into their rates for the following year.	By Letter No. L-57-03, the Commission determined that 9.15 percent is the appropriate return on common equity for a low-risk benchmark utility for the year 2004.	●
Periodic reviews or public hearings to consider whether any amendment should be made to the ROE adjustment mechanism.	Decision based on evidence in a review proceeding on possible amendments to the formula.	Clear and reasonable Commission Decisions.	No review required in 2003 as written hearing was held in late 2001.	n/a
Review and oversight of utility financing, commodity trading and hedging activities and gas cost variance account balances to ensure that the benefits to ratepayers are not outweighed by the risks involved.	Approval or feedback to the utility on its financing, commodity contracting, or price risk management (hedging) activities. Reports on gas contracting and hedging activities.	Utility trading and financing activities appropriate to market conditions. Avoidance of imprudent expenditures and full recovery of all prudent commodity costs.	Ongoing. The Commission continues to attain its target objectives and outcomes in these service activities.	●
Review of B.C. Hydro export trade activities to ensure that utility ratepayers are not put at risk by trading activities.	Requirement for quarterly reports on export trade.	Benefits of export trade activities exceed costs.	Ongoing. The Commission reviews the reports as filed.	●
Approval of utilities' capital and operating expenditures.	Approval of capital and expense budgets to be recovered in utility rates.	Sufficient revenue for each utility to provide safe, reliable operations and to be financially viable.	Please refer to Goal 6.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

GOAL 3: **Maintain and Improve Public and Worker Safety, and Enhance Quality and Reliability of Utility Service**

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Incorporate financial incentives into multi-year revenue requirement applications which can only be earned if safety and reliability targets are met.	Provisions in incentive settlement agreements to encourage utilities to provide high quality, reliable service based on agreed upon performance indicators.	Safety and reliability indicators that surpass levels in previous years and compare favourably with other utilities.	Ongoing. The Commission is cognizant of safety and reliability indicators and seeks to monitor and incorporate applicable standards into determinations as appropriate. Example: Aquila Networks Canada and Terasen Gas have multi-year settlements of revenue requirements that include financial incentives, which can only be earned if safety and reliability targets are met.	●
Review customer complaints, reliability and quality of service indicators, gas supply and power purchase plans.	Measurements against safety and reliability targets. Identification of new safety and reliability issues requiring action.	Improved utility responses to service quality and reliability incidents and improved results of the performance indicators and statistics.	The Commission tracks service quality indicators insofar as they are embedded components in utility Performance-Based Rates (PBRs). The Commission continues to direct utilities to address issues arising out of customer complaints.	●
Review utility capital and operating plans to ensure that necessary expenditures are made and activities are undertaken to provide high quality, reliable service. Review criteria and agreements concerning electric system reliability and reliability management.	Approval of appropriate utility capital plans and capital project applications to ensure that appropriate system upgrades are undertaken. Secure and reliable operations resulting from the standards and criteria set out in the agreements.	Timely Decisions with well-articulated Reasons on applications for Certificates of Public Convenience and Necessity, and adequate energy supplies during peak periods.	Ongoing. The Commission continues to effectively manage and ensure the provision of adequate energy supply during peak periods. The Commission monitors/investigates WECC Reports with regard to BC Hydro's and Aquila's compliance with the WECC RMS agreement. The Commission also monitors/investigates the reliability performance of these utilities. Several outage reports were reviewed.	●
		British Columbia electricity utilities meeting or exceeding the safety and reliability standards and comparing favourably with other electricity utilities.		●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Monitoring and follow-up of safety-related incidents within the Commission's jurisdiction.	Reports from the utilities on the causes of the incidents and any steps or improvements that can be taken to prevent further incidents.	Reductions in the number and severity of safety-related incidents.	Ongoing. The Commission receives reports and updates on safety related incidents from utilities such as Terasen Gas and Aquila, and follows up on specific matters as necessary. Example: Terasen Gas' Quesnel distribution system – slope instability monitored with utility reports.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

GOAL 4: Maintain and Improve Customer Satisfaction with Utility Service[1]

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Incorporate incentives in multi-year settlement agreements to encourage utilities to undertake "customer-friendly" operating practices. Monitor and direct utilities to address customer complaints and provide opportunities for customers to express their views.	Provisions of incentives for utilities to improve service levels. Ongoing feedback and communication among customers, the Commission and the utilities related to service quality issues.	Improvements in service quality indicators over time for each utility.	Ongoing. Please see Goal 3. The Commission tracks service quality indicators insofar as they are embedded components in utility PBRs. The Commission continues to direct utilities to address issues arising out of customer complaints.	●
		Customer satisfaction with the Commission's management of their complaints, as evaluated by periodic surveys of complaints (first done in 2000).		●
Encourage development of new services to customers in response to commodity competition and changing customer needs.	New utility programs approved based on demonstrated net consumer benefits. Published guidelines and other consultation documents.	New programs that provide benefits to both customers and the utility at fair and non-discriminatory rates through a fair and efficient process.	The Commission has continued to be successful at supporting the development of new services. Example: By Order No. G-6-04, the Commission approved for BC Hydro a Net Metering Tariff – Rate Schedule 1289. The Commission released updated Resource Planning Guidelines in the fall of 2003.	●

1 Customer satisfaction with utility service is a composite of several factors, some of which are dealt with specifically under separate categories (e.g., safety and reliability, cost containment, non-discriminatory tariffs). Others discussed here include the operating practices of the utility and the development of new services options for increased customer choice of commodity supplier.

● Satisfactory
◐ Needs Improvement
○ Unsatisfactory

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Provide small commercial and residential natural gas customers with the option of buying gas from marketers' and allowing the marketers' gas supply charges to be included on utility bills.	Agent Billing and Collection for Transportation Service Option ("ABC-T") to enable non-utility suppliers to offer options for small customers who wish to buy gas from brokers and marketers. Implementation first for Terasen Gas customers, then Centra and PNG. Review of the implications of ABC-T Service for local government revenues collected under franchise agreements from utilities.	Enabling legislation in Spring 2003 to provide Commission authority for appropriate consumer protection followed by establishment of a workable ABC-T program to begin November 2004. Resolution of franchise fee issues with utilities and local governments prior to establishment of ABC-T Service.	Legislative amendments to the UCA, supporting consumer protection aspects of ABC-T, passed in May 2003. As discussed under Goal 1, an ABC-T program (now called the Commercial Commodity Unbundling Program) to provide an unbundled commodity option for Terasen Gas commercial customers is on target for November 2004 implementation. Order No. G-90-03 approved a Stable Rate tariff to provide a fixed rate option for Terasen Gas residential customers, to be implemented in January 2005. The structures of the Commercial Commodity Unbundling Program and stable rate tariff have avoided a need for changes related to franchise fees.	●
Work with utilities to develop education programs for customers and market participants about ABC-T options.	Cost-effective education program in place prior to program implementation.	High level of customer understanding of ABC-T options by implementation date.	Terasen Gas has developed and is implementing a focused education program for the Commercial Commodity Unbundling Program. Development of Stable Rate Education Program is underway.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

GOAL 5: Enhance Provincial Competitiveness Through Non-Discriminatory Services

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Undertake periodic rate design reviews to apportion the revenue requirement fairly to different customer classes, while ensuring there is no undue discrimination in the rate structures of the utilities.	Terasen Gas Vancouver Island (formerly Centra Gas) – Rate Design oral public hearing in February 2003 Pacific Northern Gas – Allocated cost of service study filed with its 2003 revenue requirements application B.C. Hydro – Rate Design Application expected in late 2004 or early 2005.	Rates that are fair to each customer group as set out in timely Commission. Decision for Terasen Gas Vancouver Island (formerly Centra Gas) (issued mid 2003), for PNG (deferred by negotiated settlement in early 2003) and B.C. Hydro (expected mid 2005).	Timely decisions issued in respect of Terasen Gas Vancouver Island and Pacific Northern Gas. Please refer to the "Decisions, Reasons for Decisions, and Negotiated Settlements" section of this Annual Report for a summary. Please also refer to the Order and Letter summary listings at the back of the Annual Report.	●
Review utility tariffs to ensure that they will apply equally to all customers in similar circumstances.	Fair and non-discriminatory tariffs for approved utility programs and services.	Tariffs that provide the same services to different customers at a cost that is fair and non-discriminatory under the circumstances.	Ongoing. Consistent with its mandate, the Commission continues to ensure the provision of non-discriminatory service at fair rates.	●
Monitor and respond to customer complaints that tariffs are not fair or utilities are not following their tariffs.	A resolution to each complaint based on the particular circumstances and following due process.	Decisions from the Commission that provide well-articulated and well-reasoned resolutions to the complaints.	The Commission handled 639 complaints about utility rates, bill estimates, disconnections, and other tariff issues in 2003/04. See also Goal 8. Customer satisfaction with the Commission's management of their complaints as evaluated by periodic surveys of complaints.	●
Restructure the regulation of electricity transmission operators consistent with provincial electricity policies, including fair and non-discriminatory access.	Workshops, hearings, and other processes resulting in transmission rates and access provisions which are fair and non-discriminatory and reflect the restructuring mandated in the Energy Policy.	By 2004, operation of an efficient electricity transmission grid, consistent with provincial policy and the principles of fair and non-discriminatory access.	The Commission is participating in workshops sponsored by the British Columbia Transmission Corporation (BCTC) to assist and monitor the utility's development of its revenue requirements and rate design applications. Substantial work by the Commission is expected in the next planning period, pending the filing of BCTC's applications.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Monitor formation of a Regional Transmission Organization ("RTO West") for western Canada and the United States.	Review and monitor RTO West requirements and transmission entities regarding performance, reliability, efficiency and ratepayer impact.	A B C. transmission grid that maintains the benefits of an integrated regional electricity transmission market.	Ongoing, but no significant events in the last reporting period. The Commission continues to play an important role in managing regional transmission issues.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

GOAL 6: Enhance Provincial Competitiveness Through the Containment of Cost of Service Increases

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Revenue requirements reviews. Review utilities' costs to ensure that expenditures are required and reasonable for the activity. This may be done through a public hearing, a negotiated settlement leading to a multi-year incentive agreement with annual reviews, or both.	Commission approval, through a settlement agreement or a Commission Decision, of costs to be included in the utilities' rates for: Terasen Gas (formerly BC Gas) - 2003 Revenue Requirements and 2004 Multi-year PBR Pacific Northern Gas - 2003 Revenue Requirements B.C. Hydro - Revenue Requirements Review Terasen Gas Vancouver Island (formerly Centra Gas) - 2003 Revenue Requirements Review. Smaller utilities such as Aquila Networks Canada, Centra Whistler, Princeton and propane utilities	Timely, clear and well reasoned Commission Decisions (that, if appealed, are upheld by the Courts).	The Commission issued timely and well-written Decisions and Negotiated Settlement documents in respect of these applications. Please refer to the "Decisions, Reasons for Decisions, and Negotiated Settlements" section of this Annual Report for a summary. Please also refer to the Order and Letter summary listings at the back of the Annual Report.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Review of utility major capital projects to ensure that major capital projects are necessary, least-cost and the best alternative. The Commission reviews utility capital projects through applications for Certificates of Public Convenience and Necessity, while providing for an appropriate level of public input, or a combination of hearings and settlement processes.	Established processes to review anticipated applications including: B.C. Hydro – possible application to construct the Vancouver Island Generation Project. Terasen Gas (formerly BC Gas) – possible application to construct Inland Pacific pipeline. Aquila – December 2002 Application to construct South Okanagan Substation. Terasen Gas Whistler (formerly Centra Whistler) – anticipated application to construct a natural gas pipeline from Squamish.	Timely, clear and well-reasoned Commission Decisions either approving the project (perhaps with conditions) or denying it. If appealed, a Court Decision upholding the Commission's Decision. Commission Decision on Aquila's CPCN Application by March 2003	Target and Quality Indicators attained. On September 8, 2003, after an extensive oral public hearing, by Order No. G-55-03 the Commission issued its decision denying VIEC a CPCN for the Vancouver Island Generation Project and encouraged BC Hydro to undertake a Call for Tender for alternative power sources. After a written hearing, by Order No. C-3-03 the Commission approved a CPCN for the South Okanagan Supply Reinforcement Project and the Vaseux Lake Terminal Station Agreement and other agreements between Aquila and BC Hydro. Terasen Gas did not file any CPCN applications in the 2003/04 Service Plan period, including for neither an Inland Pipeline nor a Squamish/Whistler pipeline. Reviewed and approved several Aquila CPCN applications for smaller capital projects. Please refer to the "Decisions, Reasons for Decisions, and Negotiated Settlements" and the "Orders and Letters" sections of this Annual Report for a complete summary of all CPCN's reviewed and approved in the last service period. Orders, Decisions, Reasons for Decision, and Negotiated Settlement summaries are included in other sections of this Service Plan Report. Documents are also posted to the Commission's web site.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Review utilities' energy supply contracts, price risk management plans and/or electricity purchase plans and reports on the results of hedging activities and gas cost variance account balances. Develop incentives for the utility to create savings for ratepayers through exceptional commodity management.	Feedback to the utility with Commission concerns or recommendations on commodity supply contracting and hedging activities.	Natural gas and electricity provided to ratepayers at the lowest expected long-term cost consistent with reliable supply and limited exposure to price volatility.	Ongoing. Under the Act, utilities must file energy supply contracts with the Commission, which is to determine if such contracts are in the public interest. The Commission continues to ensure that utilities purchase reliable supplies of natural gas and electricity at the lowest overall cost. Terasen Gas' Gas Supply Mitigation Incentive Program provides a results-based incentive for the utility to maximize revenue from the resale of surplus gas and transmission capacity that offsets the costs of gas purchases.	●

Satisfactory ●
Needs Improvement ◎
Unsatisfactory ○

GOAL 7: To Continue to Control the Cost of Regulation

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Ongoing review of Commission activities to determine if they are necessary and, if so, the most efficient and cost-effective method for achieving the desired outcome.	Annual Performance Indicators on staff levels, decisions issued, hearing days, Alternative Dispute Resolution days, Commission expenditures, Commission costs per customer and Commission costs per gigajoule of energy sold.	Maintain Commission budgets and expenditures at levels similar to those of the mid and late 1990's, adjusted for inflation and new activities, as measured by Commission costs per utility customer and costs per unit of energy sold.	Ongoing Please see relevant sections of this 2003/04 Report and the 2004/05 Service Plan for a detailed summary.	●
		Maintain favourable benchmarking of BCUC staffing and budget statistics against those of comparable tribunals.	The Commission performs well in benchmarking statistics compared to other tribunals.	●
Recommend amendments to Utilities Commission Act and regulations to reduce and clarify the regulatory burden.	Identification and recommendations for rescinding outdated regulations.	Legislative package in 2003 to begin implementing Energy Policy and efficiency measures. Reduce number of regulations or regulatory requirements by up to one-third by 2004/05. Rescission of BC Regulations 87/59 and 426/90 reduced the BCUC regulatory requirements base count from 1,096 to 853.	Ongoing. To date 347 regulatory requirements have been rescinded. Six regulatory requirements are left to be rescinded by July 2004.	●
Provide assistance to other jurisdictions on a contract basis when possible to reduce costs to B.C. ratepayers.	BCUC workloads permitting, staff provides assistance to Yukon Utilities Board and Saskatchewan Rate Review Panel.	Positive revenue from services to offset BCUC costs and enhances reputation and knowledge of Commission.	Staff continue to provide expert review and support to these two jurisdictions on a cost recovery basis when workloads permit.	●
Promote regulatory convergence and cooperation.	Participate in provincial, national, and North American initiatives to share information, develop common regulatory principles, harmonize practices where appropriate, reduce duplication, and adopt best practices.	Improved regulatory methods and processes and harmonization of regulation with other agencies to reduce the cost of regulation to utilities and others.	Staff and Commissioner participation and speaking engagements: 2003 CAMPUT conference, International Association of Energy Economists, NARUC and other workshops/conferences, Steering Committee for a Regional Transmission Organization.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Implement periodic reviews or public proceedings to review Commission practices, procedures, programs and generic decisions.	Publication of Commission Decisions or Guidelines on multi-utility or recurring issues.	Develop baseline statistics on number of issues resolved by Negotiated Settlement procedures, number of utilities regulated under performance-based regulation and light-handed (complaint) regulation.	Ongoing. Following a Stakeholder Meeting in December 2003 the Commission issued Document Filing Protocols to the Utilities and Intervenors.	●
Develop a formal salary structure to ensure positions are paid appropriately relative to each other and the market, and implement a new performance management system.	Acceptance of consultant's report and recommendations on revised job-descriptions and compensation levels based on market data from comparative organizations by early 2003.	By Spring 2003, approval from PSEC for a new salary structure and salary administration program for all positions at the BCUC.	Complete. A new performance management system and a new compensation framework for all staff was implemented March 30, 2003	●
Develop an implementation plan to transfer the assets of the BCUC's computer systems to the Ministry of Management Services, Common Information Technology Services ("CITS") Division and contract for information technology ("IT") systems and systems support.	IT systems and systems support to be provided by CITS by end of 2003/early 2004. Desktop upgrades to take place at the time of asset transfer to conform with Government computer standards.	Current staff responsibilities for systems and systems support phased-out by early 2004.	Complete. Transfer of computer systems commenced August 2003. IT systems and systems support by CITS commenced September 1, 2003. Some responsibilities for systems support (i.e., liaison between CITS Technical and BCUC staff; emergency contact; web site development and maintenance) remained with the Information Services Group.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

GOAL 8: To Improve Communications About, and Ratepayers' Satisfaction with, BCUC Regulatory Matters

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
Strive to issue the clearest possible written decisions and judgments, to enable all stakeholders to understand the Commission's reasoning in resolving detailed and complex issues.	Clear, readable and plainly written Decisions and Orders.	Positive feedback from utility personnel and customers. Minimal numbers of applications for reconsideration of Commission Decisions. Minimal appeals to Court of Appeal, and for those appealed, judgments that support the Commission.	Ongoing. The Commission continues to receive positive feedback on the high standards that it attains in regard to the timeliness and clarity of its Decisions In 2003, the following reconsiderations were filed with the Commission: •BC Hydro's Reconsideration Application of the June 5, 2003 Decision on the Terasen Gas (Vancouver Island) 2002 Rate Design Application. •Terasen Gas (Vancouver Island)'s Reconsideration Application of the June 5, 2003 Decision on its 2002 Rate Design Application. •Office & Professional Employees' International Union, Local 378 Reconsideration Application of the Commission's Decision on its complaint regarding BC Hydro's Accenture Arrangements and Transmission Division Plans. Please refer to the "Decisions, Reasons for Decisions, and Negotiated Settlements" section of this Annual Report for a summary of Reconsiderations filed in the 2003/04 Service Plan period.	●
Continue to seek ways to respond to customer complaints and rule on complaints fairly and efficiently, while balancing the needs of the complainant, other customers and the utility.	"Complaints Management Review" report to be considered by the Commission in early 2003. Updated consumer's pamphlet on complaint procedure in 2003.	Improved satisfaction levels, in future stakeholder assessments, by complainants with the complaint process.	Publication of pamphlets that advise the public of the services that the BCUC provides. Completed update of consumer's pamphlet.	●

Satisfactory ●
Needs Improvement ◐
Unsatisfactory ○

2003/04 Service Plan			2003/04 Service Plan Performance Report	
Strategies and Activities	**Output, Outcome**	**Target or Quality Indicator**	**Results, Implications or Comments**	**Rating**
		Amendments to the Utilities Commission Act enabling it to create and enforce consumer protection rules when choice of natural gas commodity supplier is extended.	Target and quality indicator attained.	●
Continue to periodically assess the level of public confidence in the regulatory process from representative stakeholders.	Periodic Stakeholders Assessment Reports, including stakeholder satisfaction ratings, to compare with baseline ratings.	Maintain and improve satisfaction ratings with the BCUC by utilities, intervenors and complainants.	Ongoing. Stakeholder assessments completed in late 2000 and early 2002	n/a
Improved information with which to assess internal processes and efficiency of internal document processing.	Document Logging and Tracking: computer-based logging, tracking and assignment system implemented since November 2001.	Develop baseline statistics and reduce response times for routine applications, queries and complaints over the next three years.	Ongoing. Please refer also to Goal 7. Improved response times continue. Please refer to the Cycle Times section of this Report for a graphical representation of Application processing times.	●

Satisfactory ●
Needs Improvement ◎
Unsatisfactory ○

Financial Report

Commission Recovery and Expenditure Summary

Authority for Cost Recovery

Beginning in 1988, the Commission was authorized to recover its costs from regulated utilities and pipeline companies by fixing levies according to Section 125 of the UCA and parameters set out in the Levy Regulation (BC Reg. 283/88). The Commission recovers most of its costs from a "per gigajoule" levy assessed on each utility, based on the amount of energy it sold in the previous calendar year. The Commission also bills utilities for its public hearing costs that are attributed directly to those utilities. Direct recoveries have varied significantly from year to year, depending on the number and duration of regulatory hearings and inquiries. Minor revenues are also collected from intraprovincial petroleum pipeline companies and from other utility regulatory agencies that contract with the Commission for advice and assistance.

Levy 2003/04

The Commission's fiscal year runs from April 1 to March 31. The voted expenditure for the 2003/04 fiscal year was $4,733,000. Of this, $398,000 was forecasted to be recovered directly from utilities for Commission expenditures attributable to their public hearings and other proceedings under the Act. The Commission's recovery from the regulation of ICBC was forecasted to be $700,000. This left a net annual budget of $3,635,000 to be recovered from the levy, as identified in the formula below.

$$\frac{\text{Total Budgeted Expenditures minus estimated Direct and ICBC Recoveries ($)}}{\text{Total Utility Energy Volumes sold in previous calendar year (GJ)}} = \frac{\$\ 3,635,000}{443,098,500\text{GJ}} = \$0.00820287/\text{GJ}$$

The Commission's costs were therefore expected to be recovered from a levy of $0.00820287/GJ for the fiscal year beginning April 1, 2003, payable by utilities and others in four quarterly installments.

Levy Billing Adjustments

Lower than forecasted Commission expenditures in the 2002/03 fiscal year resulted in a year-end credit from 2002/03 levy payments received of $922,509. This amount was credited to the utilities in their first and second quarter billings for 2003/04. The third and fourth quarter billings were at the full levy rate of $0.00820287/GJ. The Commission had a March 31, 2004 end of year surplus of $191,955. This amount will be credited back to the utilities in the first quarter billing of Commission costs for 2004/05. The Commission's regulatory proceeding costs are expected to be close to the approved budget limit requiring a full recovery from utilities.

2003/04 Revenues and Expenses

Levy billed and Recoveries received in 2003/04	$3,586,372.61	
Add: Deferred Revenue from 2002/03 Levy	922,508.56	
Province of BC	1.00	
Total Recoveries (see below)		$4,508,882.17
Less: Expenditures (see below)		4,316,926.93
Revenue deferred to 2004/05		$ 191,955.24

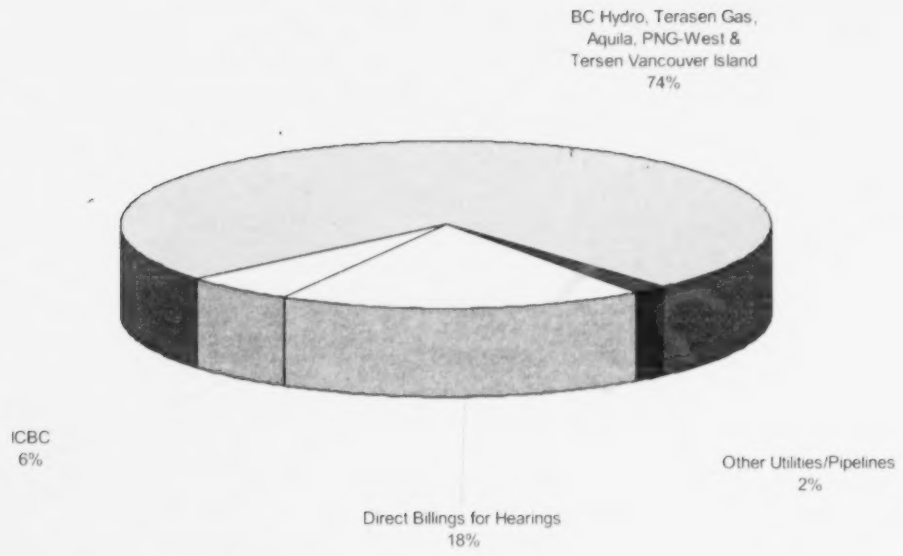
The levy amounts recovered from utilities and other revenue sources for the 2003/04 fiscal year are as follows:

Commission Revenues Recovered Through the Levy (Order No. G-35-03)	**Amounts Recovered 2003/04 Fiscal Year (Actual)**
Aquila Networks Canada (British Columbia) Ltd. (formerly UtiliCorp Networks Canada (British Columbia) Ltd.)	$ 44,049.00
British Columbia Hydro and Power Authority	1,036,112.00
Central Heat Distribution Limited	7,366.00
Corporation of the City of Nelson	1,179.00
Hemlock Valley Electrical Services Limited	21.00
Insurance Corporation of British Columbia	200,000.00
Pacific Northern Gas Ltd.	208,522.00
Pacific Northern Gas (N.E.) Ltd.	
- Dawson Creek and Fort St. John	28,481.00
- Tumbler Ridge	4,450.00
Port Alice Gas Inc.	110.00
Princeton Light and Power Company, Limited	1,382.00
Silversmith Power & Light Corporation	1.22
Stargas Utilities Ltd.	178.00
Sun Peaks Utilities Co., Ltd.	379.00
Terasen Gas Inc. (formerly BC Gas Utility Ltd.)	
- Lower Mainland Division	782,706.00
- Inland Division	340,452.00
- Columbia Division	39,277.00
- Fort Nelson Division	5,883.00
Terasen Gas (Vancouver Island) Inc. (formerly Centra Gas British Columbia Inc.)	205,194.00
Terasen Gas (Squamish) Inc. (formerly Squamish Gas Co. Ltd.)	2,038.00
Terasen Gas (Whistler) Inc. (formerly Centra Gas Whistler Inc.)	4,254.00
Terasen Multi-Utility Services Inc.	
~ Sun Rivers	119.00
~ Toby Creek	320.00
The Yukon Electrical Company Limited	17.00
	2,912,490.22

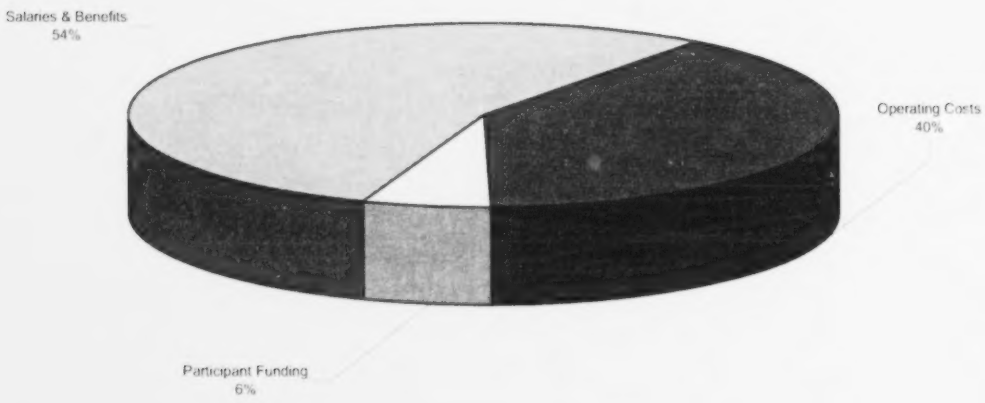
Agents/Brokers/Marketers Licencing - Premstar	100.00	
Natural Gas Licencing - CEG Energy Options	1,000.00	
Recoveries from Intra-Provincial Oil Pipeline and Other Companies		
Duke Energy Field Services Canada Ltd.	1,000.00	
Coastal Canada Field Services	1,000.00	
EnerMark Inc. (formerly Newcal Energy Inc.)	1,000.00	
JJH Equipment Trust	1,000.00	
Plateau Pipe Line Ltd.	4,000.00	
Williams Energy Canada Ltd.	1,000.00	
Terasen Pipelines (Jet Fuel) Inc. (formerly Trans Mountain Enterprises of British Columbia Limited)	1,000.00	
Westcoast Gas Services Inc.	1,000.00	
		12,100.00
Miscellaneous Revenues		
Commission Contracts with:		
~ Saskatchewan Rate Review Panel	7,935.12	
Recovery of Proceeding Costs from Utilities	652,688.89	
Recovery of Room Rental and Photocopying Costs	163.70	
Deferred Revenue from 2002/03 (credited to utilities' first quarter billing in 2003/04)	922,508.56	
Miscellaneous credits re: expenditures	994.68	
		1,584,290.95
TOTAL REVENUES		$4,508,881.17

Commission Expenditures per Expense Category	Amounts Spent 2003/04 Fiscal Year (Actual)
Salaries and Benefits	$2,356,824.49
Operating Costs	1,709,351.44
Participant Funding	250,000.00
Professional Services	751.00
TOTAL EXPENDITURES	$4,316,926.93

REVENUES



EXPENDITURES



Corporate Governance

The Utilities Commission Act provides for a Chair, one or more Deputy Chairs, up to seven Commissioners [including the Chair and Deputy Chair(s)], and temporary Commissioners. As of March 31, 2004, there are seven temporary Commissioners, two full-time Commissioners and the Chair.

Following are brief biographies for Commissioners and temporary Commissioners serving in the 2003/04 fiscal year:

Robert H. Hobbs, Chair and Chief Executive Officer

Brandon University, 1979 (B.Sc. Mathematics); University of Manitoba, 1982 (LL.B); University of Western Ontario, 1987 (M.B.A.); 1989 - 2001 Aquila Networks Canada (British Columbia) Ltd., last position held Vice President, Regulatory and Legislative Services; Member of the Law Society of British Columbia (inactive); appointed full-time Commissioner March 2003; appointed Chair and Chief Executive Officer August 2003.

Lori Ann Boychuk, Commissioner

University of Western Ontario (L.L.B.); Senior Legal Counsel, National Energy Board (1992-94 and 1997-2003); Legal Assistant to the Chief Justice, Court of Queen's Bench of Alberta (1995-97); Clerk to the Chief Justice, Federal Court of Canada, Trial Division (1990-1992); articled with McCarthy Tétrault (Alberta) and Fraser, Milner (Ontario); and, prior to legal/energy career, Personnel/Human Resources and Communications positions in the Federal Government of Canada (1980-1986); appointed August 2003.

Leonard Kelsey, Commissioner

Vice President British Columbia Automobile Association (18 years); Chief Operating Officer, BCAA Insurance Corporation, retired 2002; past Member B.C. Committee, Insurance Bureau of Canada; Public Administrator and past Chair, North Shore Health Region; independent Business Consultant; appointed September 2003.

Kenneth L. Hall, Temporary Commissioner

University of Saskatchewan (B.E.), Professional Engineer, Trans Mountain Pipe Line Company (30 years) retired 1983 as President, C.E.O. and Chairman of the Board; Honorary Life Member Canadian Petroleum Association; appointed December 1989.

Paul G. Bradley, Temporary Commissioner

Cornell University, 1956 (B. Chemical Engineering); Massachusetts Institute of Technology, 1966 (Ph.D. Economics); Postdoctoral Fellow, Sloan School of Management, MIT (1969-70); Visiting Scholar, Centre for Energy Policy Research, MIT (1978-79); Director, Mineral Revenues Inquiry, State of Western Australia (1984-86); Resident Consultant, Dept. of Energy, Mines & Resources, Ottawa (1987); Professor Emeritus, University of British Columbia (1965-96); appointed September 1992.

Nadine F. Nicholls, Temporary Commissioner

University of British Columbia, 1976 (B.Sc. Mathematics); University of British Columbia, 1982 (M.Sc.); rates economist, British Columbia Hydro and Power Authority (1980-83); electricity utilities advisor, Government of the Northwest Territories (1990-92); energy policy consultant in the Northwest Territories (1993-98); appointed March 2000.

Richard (Kim) R. Deane, Temporary Commissioner

University of British Columbia (B.A. Sc. Electrical Engineering), Professional Engineer, Distribution Engineer; Wellington, New Zealand (1965); mine design and construction with M.A. Thomas & Associates (1966-68) and Placer Development (1968-72); Manager, Transmission and Distribution, West Kootenay Power Ltd. (1976-81); and Manager, Energy and Services, Cominco Trail (1982-2000); appointed March 2001. Retired May 2004.

Murray P. Birch, Temporary Commissioner

University of Calgary, 1975-77 (B.Sc., M.Sc.); University of British Columbia, 1979 (M.B.A.); Vice-President and Treasurer, Westcoast Energy Inc. (1988-90); President, Westcoast Power Inc. (1990-95); President, Westcoast Energy Australia (1995-1999); President, Westcoast Capital Corporation (1990-2001); Senior Vice-President, Duke Energy Inc. (2002-03); Company Director of various energy companies (2001-03); appointed August 2003.

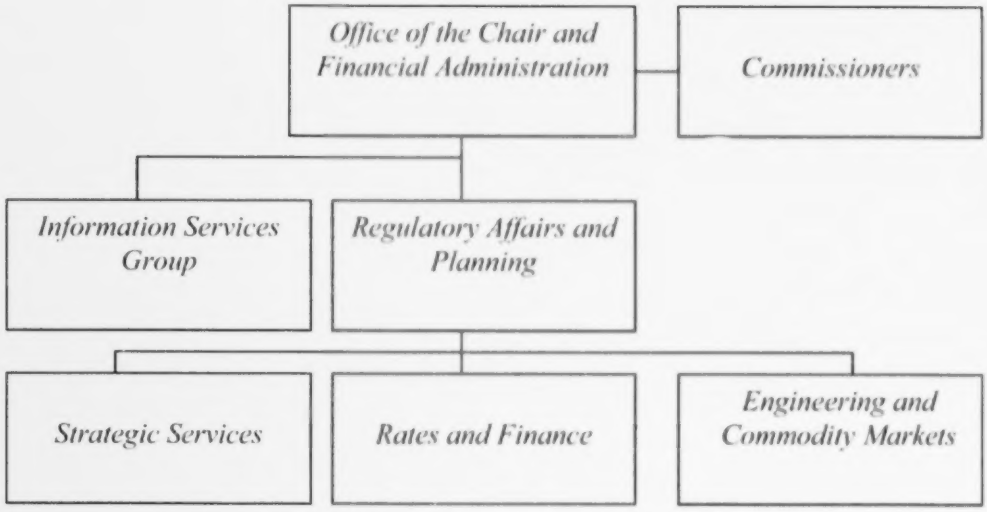
Robert J. (Bob) Milbourne, Temporary Commissioner

University of British Columbia (BASc. Metallurgical Engineering); P.Eng. (B.C., Ontario); Stelco Inc., retired as Senior Executive and Member of the Board of Directors 1996; Principal, Milbourne and Company (Business Advisors) 1997; Hatch Associates Ltd., Director 1997-2002; Bruce Power Inc., Director 2001); Member Ontario Human Rights Commission 1991-1996); Member, B.C. Securities Commission 2002; appointed August 2003.

Peter E. Vivian, Temporary Commissioner

University of Toronto, 1965 (Bachelor of Applied Science – Electronics); University of Western Ontario (Bachelor of Law); Flight Lieutenant, RCAF; Professor of Law at the universities of Western Ontario, Ottawa and Victoria; General Manager, Canadian Law Information Council (1975-77); various positions with the BCE Inc. group of companies (1977-97); Vice President and Chief of Staff, The Business Council on National Issues (now the Council of Canadian Chief Executives) (1982-84, 1989-90); Executive Director, Telecommunications, CRTC (1998-2000); Principal, Vivian Associations, Consultants to Management (2000-present); appointed August 2003.

The organization chart below shows the reporting structure within the Commission.



The Commission has one subcommittee to manage human resources, performance management, and compensation issues. Members are Robert Hobbs, Ken Hall and Kim Deane.

The Commission staff is divided into three groups:

- **Information Services Group**

Consists of the Commission Secretary, the Assistant Commission Secretary, and the Information Services Group. The Commission Secretary acts as the official contact for both regulated utilities and the public. The department responds to all information requests (including Freedom of Information requests), prepares Annual Reports and quarterly Regulatory Updates, provides research support, in-house computer services, media interaction, maintains the Commission's database of mailing lists, and library services. It also deals with utility customer complaints and operates and maintains the Commission's information resources.

- **Regulatory Affairs and Planning**

Consists of professional staff with expertise and experience in the areas of accounting, economics, ratemaking, and engineering. The regulatory affairs and planning functions of the Commission include the review of financial, accounting, social and economic aspects of energy utility activities and of the provision of Basic automobile insurance by ICBC. The regulatory affairs staff also review energy supply and demand, including conservation impacts, and the safety aspects of energy production, transmission, and distribution. In

considering a matter under review by the Commission, staff have a responsibility to develop a full record of evidence. This often requires that staff be technical advisors to the Commission, and also provide external expert witnesses to testify at hearings.

- **Office of the Chair and Financial Administration**

Conducts background research and prepares decision support for management policies and decisions in areas such as personnel and financial management, budget preparation, internal policies, external relations with government, other agencies, utilities and the public. Also provides a range of administrative, financial and human resource services to the Commissioners and staff.

Following is a list of the Commission staff as of March 2004, their positions, and departments.

OFFICE OF THE CHAIR AND FINANCIAL ADMINISTRATION

Marilyn E. Donn	Assistant to the Chair and Manager, Financial Administration
Lisa D. Morris	Financial Assistant/Stenographer

COMMISSION SECRETARY'S OFFICE AND INFORMATION SERVICES GROUP

Robert J. Pellatt	Commission Secretary
Constance M. Smith	Assistant Commission Secretary
Alison H. Cormack	Information Services Officer
Debra L. Frank	Stenographer/Receptionist
Yvonne M. Lapierre	Stenographer/Receptionist
Cecilia H. MacDonald	Stenographer/Receptionist
Aimee V. Putman	Stenographer/Receptionist

REGULATORY AFFAIRS AND PLANNING

William J. Grant	Executive Director
Rose A. Tomen	Stenographer

STRATEGIC SERVICES

James W. Fraser	Manager
Eileen Cheng	Senior Economist
Rob B. Gorter	Senior Economist

RATES AND FINANCE

Barry McKinlay	_____	Manager
Philip W. Nakoneshny	_____	Senior Financial Analyst
Werner J. Krampl	_____	Senior Financial Analyst
Fong Y. Kwok	_____	Financial Analyst
Doug Chong	_____	Financial Analyst

ENGINEERING AND COMMODITY MARKETS

J. Brian Williston	_____	Manager
Robert W. Rerie	_____	Senior Electrical Engineer
Robert N. Brownell	_____	Senior Commodities Analyst

Supplementary Information

Regulated Utilities

Crown-Owned Electric Utility	Service Area
British Columbia Hydro and Power Authority 333 Dunsmuir Street Vancouver, BC V6B 5R3	Lower Mainland, Vancouver Island, Central and Northern BC and East Kootenay Regions

Investor-Owned Electric Utilities	Service Area
Hemlock Valley Electrical Services Limited 20955 Hemlock Valley Road Agassiz, BC V0M 1A1	Hemlock Valley
Princeton Light and Power Company, Limited Box 700 Princeton, BC V0X 1W0	Princeton, Osprey Lake and Missezula Lake Areas
Silversmith Power & Light Corporation Box 369 New Denver, BC V0G 1S0	Sandon, BC
Terasen Multi-Utility Services Inc. (formerly Sun Rivers Services Corp.) #1002 - 1708 Dolphin Avenue Kelowna, BC V1Y 9S4	Lot 152, CLSR Plan 78619 Kamloops IR No. 1
Aquila Networks Canada (British Columbia) Ltd.[1] P.O. Box 130 Trail, BC V1R 4L4	West Kootenay and Okanagan Regions of BC
The Yukon Electrical Company Limited Box 4190 Whitehorse, Yukon Territory Y1A 3T4	Lower Post

Investor-Owned Natural Gas or Propane Utilities	Service Area
Terasen Gas Inc. (formerly BC Gas Utility Ltd.) 1111 West Georgia Street Vancouver, BC V6E 4M4	Lower Mainland, Fort Nelson, Central and Northern Interior, the Kootenays and the Okanagan
Terasen Gas (Vancouver Island) Inc. (formerly Centra Gas British Columbia Inc.) 1675 Douglas Street, P.O. Box 3777 Victoria, BC V8W 3V3	Sunshine Coast, Powell River, and Vancouver Island north to Campbell River, west to Port Alberni, and south to Victoria

1 Effective June 1, 2004, Aquila changed its name to FortisBC Inc.

INVESTOR-OWNED NATURAL GAS OR PROPANE UTILITIES *(CONTINUED)*	SERVICE AREA
Terasen Gas (Whistler) Inc. (formerly Centra Gas Whistler Inc.) 1675 Douglas Street, P.O. Box 3777 Victoria, BC V8W 3V3	Whistler (Propane Grid System)
Pacific Northern Gas Ltd. #1400 - 1185 West Georgia Street Vancouver, BC V6E 4E6	Summit Lake to Prince Rupert and Kitimat
Pacific Northern Gas (N.E.) Ltd. #1400 - 1185 West Georgia Street Vancouver, BC V6E 4E6	Dawson Creek, Rolla, Pouce Coupe, Tumbler Ridge, Fort St. John
Pacific Northern Gas Ltd. #1400 - 1185 West Georgia Street Vancouver, BC V6E 4E6	Granisle (Propane Grid System)
Port Alice Gas Inc. #101 - 4381 Dawson Street Burnaby, BC V5C 4B4	Port Alice (Propane Grid System)
Stargas Utilities Ltd. P.O. Box 3002 Silver Star Mountain, BC V1B 3M1	Silver Star resort community
Terasen Gas (Squamish) Inc. (formerly Squamish Gas Co. Ltd.) 1111 West Georgia Street Vancouver, BC V6E 4M4	Squamish (Natural Gas)
R334 Enterprises Ltd. P.O. Box 2039, Station "R" Kelowna, BC V1X 4K5	Big White ski area
Sun Peaks Utilities Co., Ltd. 1280 Alpine Road Sun Peaks, BC V0E 1Z1	Resort area north of Kamloops
Terasen Multi-Utility Services Inc. #1002 - 1708 Dolphin Avenue Kelowna, BC V1Y 9S4	Lot 152, CLSR Plan 78619 Kamloops IR No. 1 and Panorama

INVESTOR-OWNED STEAM HEAT UTILITY	SERVICE AREA
Central Heat Distribution Limited 720 Beatty Street Vancouver, BC V6B 2M1	Downtown Vancouver

Municipally-Owned Electric Utilities	Service Area
Only service outside of the Municipal boundaries is subject to regulation by the British Columbia Utilities Commission.	
City of Grand Forks Box 220 Grand Forks, BC V0H 1H0	Grand Forks
City of Kelowna 1435 Water Street Kelowna, BC V1Y 1J4	Kelowna
City of Nelson (also known as Nelson Hydro) 502 Vernon Street Nelson, BC V1L 4E8	Nelson (urban and rural areas)
City of New Westminster 511 Royal Avenue New Westminster, BC V3L 1H9	New Westminster
City of Penticton 616 Okanagan Avenue East Penticton, BC V2A 3K6	Penticton
District of Summerland Box 159 Summerland, BC V0H 1Z0	Summerland

Domestic Electricity Sales - 2003

	Customers #	Revenue ($000)	Sales (GW.h)
CROWN-OWNED ELECTRIC UTILITY			
British Columbia Hydro and Power Authority	1,646,076	2,411,113	48,341.85
MUNICIPALLY-OWNED ELECTRIC UTILITIES			
City of Grand Forks	1,976	2,432	32.88
City of Kelowna	12,713	17,556	288.55
City of Nelson	9,177	9,493	143.81
City of New Westminster	29,640	22,330	390.90
City of Penticton	15,595	19,175	309.31
District of Summerland	5,124	5,071	82.47
Total Municipally-Owned	74,225	76,057	1,247.92
INVESTOR-OWNED ELECTRIC UTILITIES			
Aquila Networks Canada (British Columbia) Ltd.[5]	91,645	125,951	1,929.00
Hemlock Valley Electrical Services Limited	.201	230	1.71
Princeton Light and Power Company, Limited	3,163	4,634	65.71
Silversmith Light & Power Corporation	11	13	0.05
Terasen Multi-Utility Services Inc. (formerly Sun Rivers)	103	119	1.78
The Yukon Electrical Company Limited	81	110	0.73
Total Investor-Owned	95,204	131,057	1,998.98
TOTAL ALL ELECTRICAL UTILITIES	**1,815,505**	**2,618,227**	**51,588.75**

NOTES:

1. 1 gigawatt hour (GW.h) = 1 million kilowatt hours.
2. Figures reported are for the 2003 calendar year. Customers reported are as at December 31, 2003.
3. Revenues and sales for BC Hydro and Aquila Networks Canada (British Columbia) Ltd. are net of wholesale sales to other reporting electrical utilities identified in this table.
4. On April 25, 2003, Sun Rivers Services Corp. changed its name to Terasen Multi-Utility Services Inc.
5. On April 30, 2004, the Commission approved the acquisition of Aquila by Fortis Pacific Holdings Inc. and on June 1, 2004, Aquila changed its name to FortisBC Inc.

Domestic Gas Sales - 2003

	Customers #	Revenue ($000)	Sales (GJ)(000)
INVESTOR-OWNED NATURAL GAS UTILITIES			
Terasen Gas Inc.			
Lower Mainland Division	542,957	935,558	115,644
Inland Division	210,016	288,224	52,741
Columbia Division	21,112	32,106	6,137
Fort Nelson Division	2,211	3,988	956
Terasen Gas (Squamish) Inc.	2,620	3,283	327
Terasen Gas (Vancouver Island) Inc.			
Vancouver Island, Powell River and Sunshine Coast areas	76,536	155,640	32,340
Pacific Northern Gas (N.E.) Ltd.			
Fort St. John Inc./Dawson Creek Division	15,272	32,041	4,663
Tumbler Ridge Division	1,122	1,930	719
Pacific Northern Gas Ltd.	22,712	99,228	36,830
Terasen Multi-Utility Services Inc. (formerly Sun Rivers)	86	25	1
TOTAL INVESTOR-OWNED	894,644	1,552,023	250,358
INVESTOR-OWNED PROPANE GRID SYSTEM UTILITIES			
R334 Enterprises Ltd. (Big White Ski Area)	77	413	23
Terasen Gas Inc. (Revelstoke)	1,429	2,612	219
Terasen Gas (Squamish) Inc.	32	33	2
Terasen Gas (Whistler) Inc.	2,261	8,918	697
Terasen Multi-Utility Services Inc. (formerly Panorama)	163	252	14
Pacific Northern Gas Ltd.			
Granisle Grid	168	226	15
Port Alice Gas Inc.	241	339	16
Sun Peaks Utilities Co. Ltd.	502	1,100	73
Stargas Utilities Ltd.	191	508	29
Total Propane Grid Systems	5,064	14,401	1,088
TOTAL ALL GAS UTILITIES	**899,708**	**1,566,424**	**251,446**

NOTES:

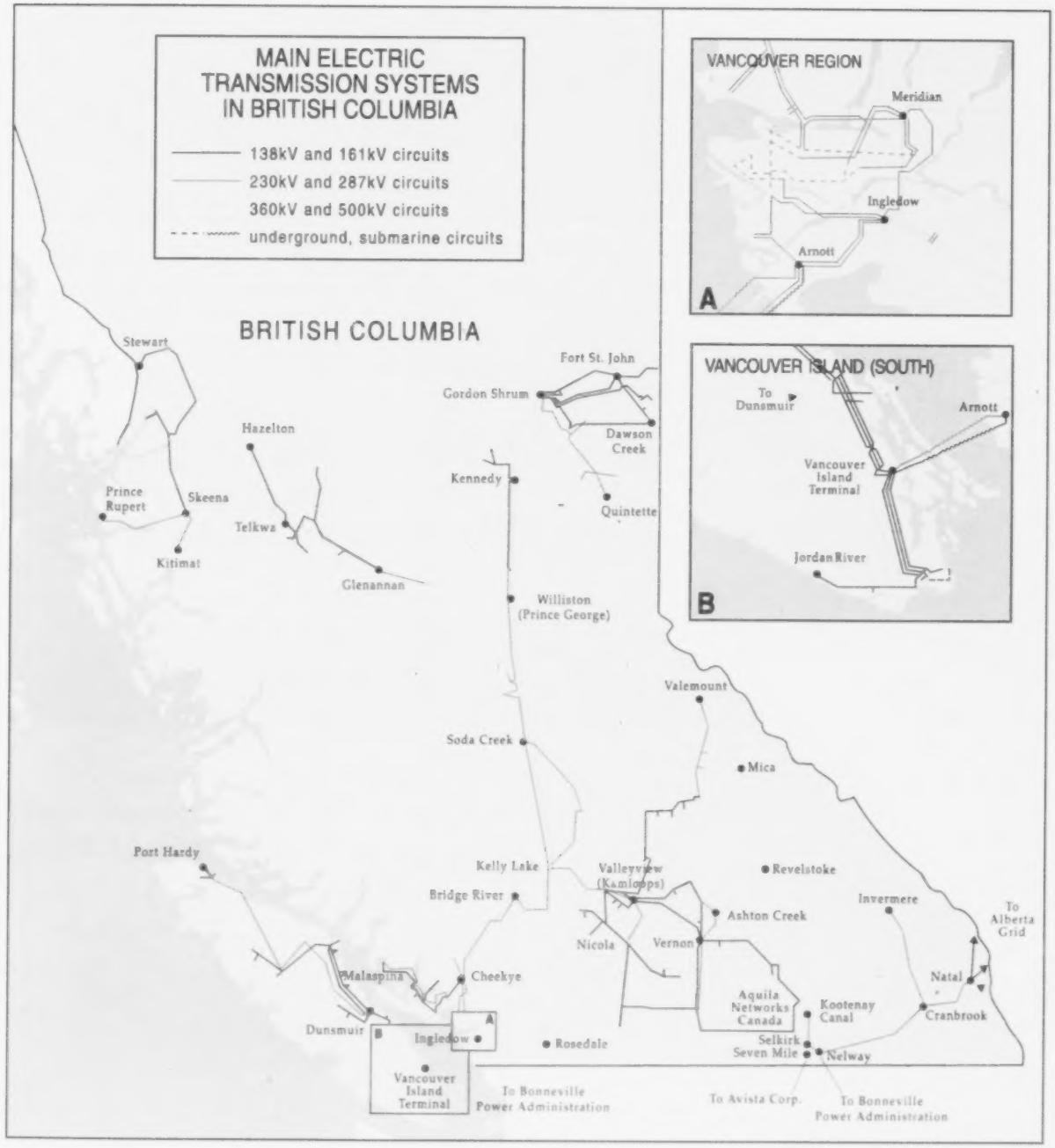
1. 1 gigajoule (GJ) is approximately equivalent to 0.910 mcf (mcf = one thousand cubic feet) or 0.0258 10^3m^3 of natural gas or 0.376 mcf of propane vapour in L.P. gas grid systems.

2. Figures reported are for the 2003 calendar year. Customers reported are as at December 31, 2003.

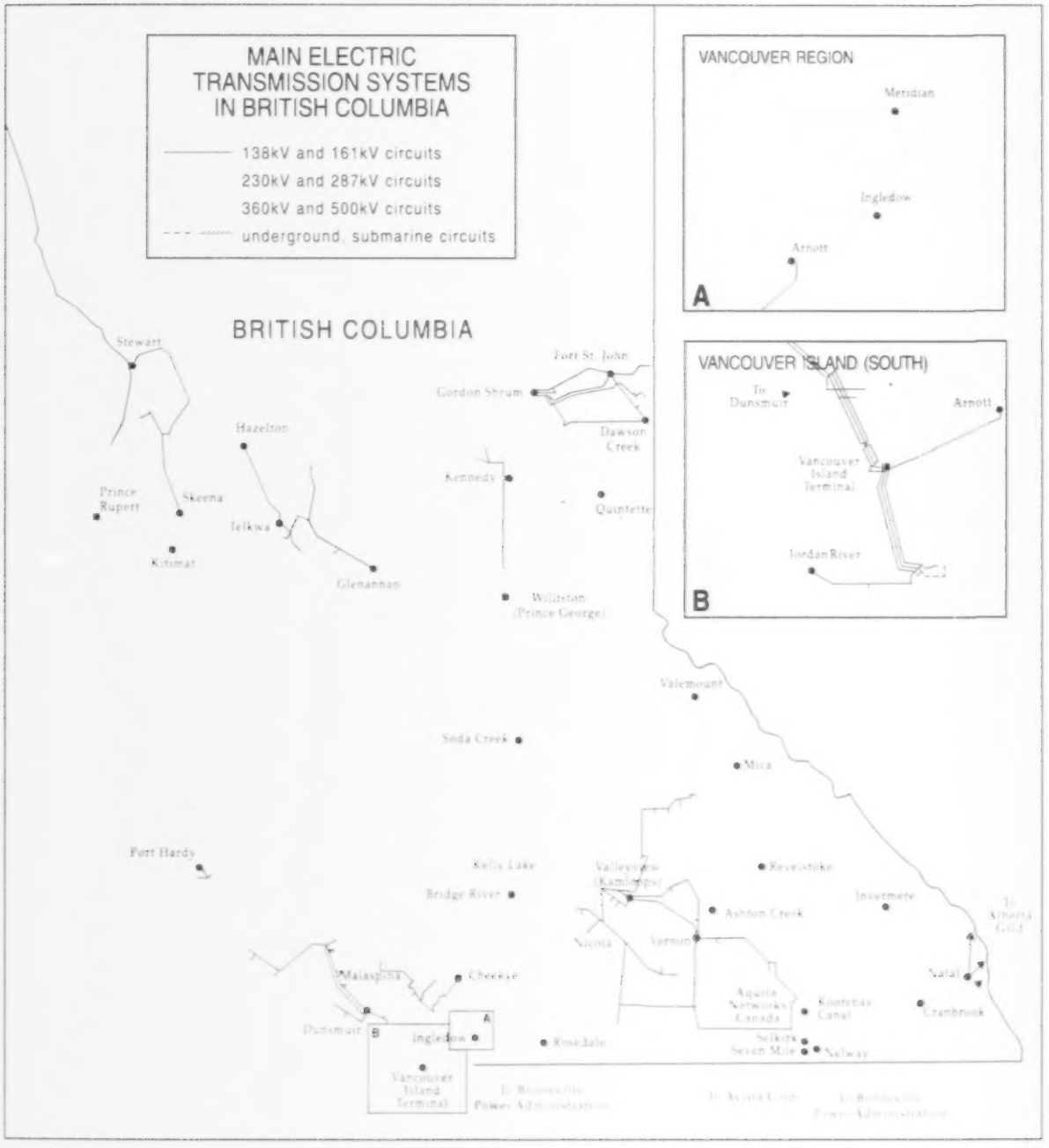
3. Sales of GJ shown include sales to end-use customers plus gas owned by customers and transported to their industrial operations by utilities.

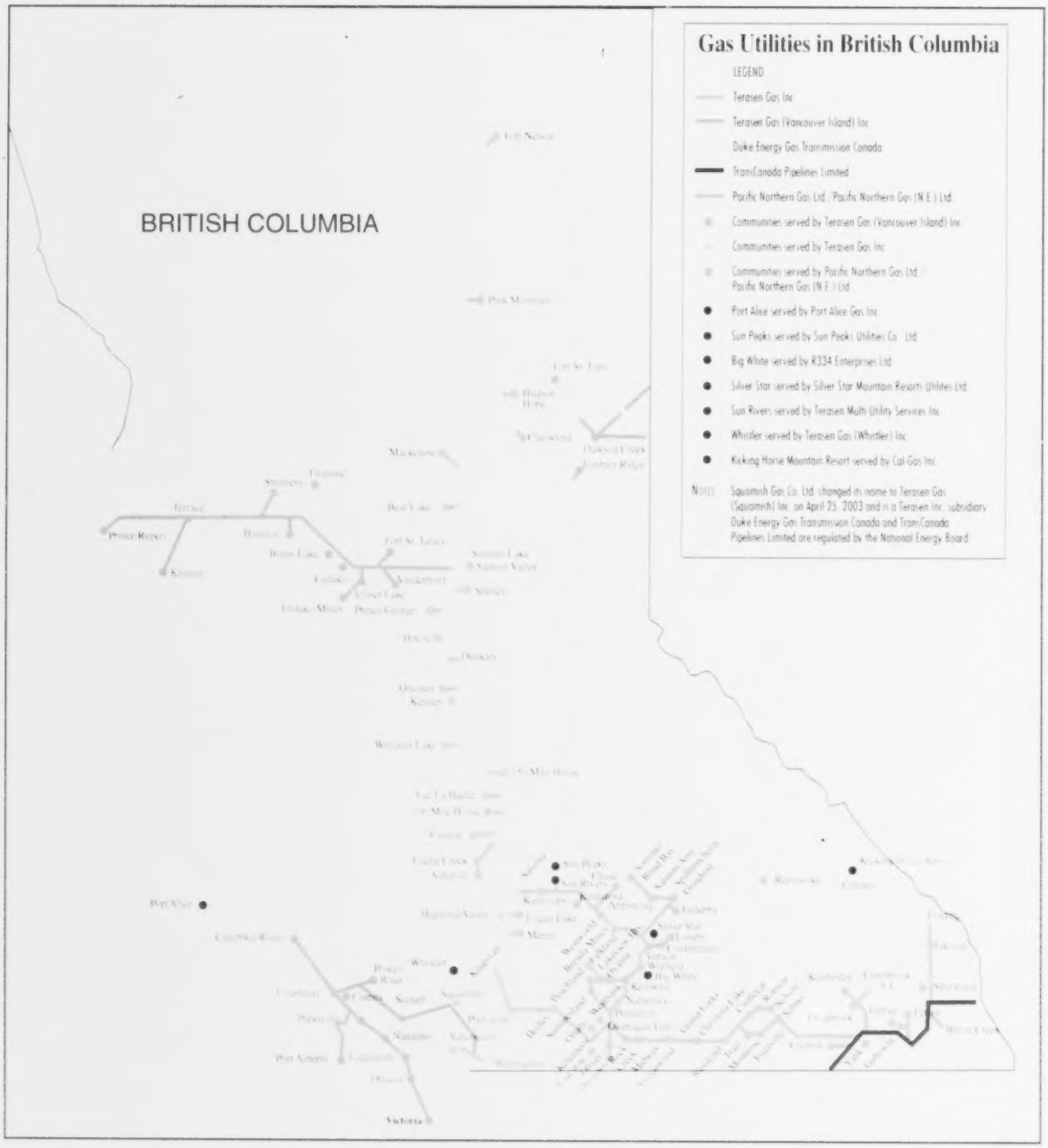
4. Revenues reported for natural gas utilities include only transportation margins for large industrial customers who have purchased gas supplies directly from producers or aggregators.

Main Electric Transmission and Power Generating Facilities



Main Electric Transmission and Power Generating Facilities




BRITISH COLUMBIA
Gas Utilities in British Columbia
LEGEND
Terasen Gas Inc
Terasen Gas (Vancouver Island) Inc
Duke Energy Gas Transmission Canada
TransCanada Pipelines Limited
Pacific Northern Gas Ltd. / Pacific Northern Gas (N.E.) Ltd
Communities served by Terasen Gas (Vancouver Island) Inc
Communities served by Terasen Gas Inc
Communities served by Pacific Northern Gas Ltd. / Pacific Northern Gas (N.E.) Ltd
Port Alice served by Port Alice Gas Inc
Sun Peaks served by Sun Peaks Utilities Co. Ltd
Big White served by R334 Enterprises Ltd
Silver Star served by Silver Star Mountain Resorts Utilities Ltd
Sun Rivers served by Terasen Multi Utility Services Inc
Whistler served by Terasen Gas (Whistler) Inc
Kicking Horse Mountain Resort served by Cal-Gas Inc
NOTES: Squamish Gas Co. Ltd. changed its name to Terasen Gas (Squamish) Inc. on April 25, 2003 and is a Terasen Inc. subsidiary.
Duke Energy Gas Transmission Canada and TransCanada Pipelines Limited are regulated by the National Energy Board.

Gas Utilities in British Columbia
LEGEND
Terasen Gas Inc
Terasen Gas (Vancouver Island) Inc
Duke Energy Gas Transmission Canada
TransCanada Pipelines Limited
Pacific Northern Gas Ltd./Pacific Northern Gas (N.E.) Ltd.
Communities served by Terasen Gas (Vancouver Island) Inc.
Communities served by Terasen Gas Inc.
Communities served by Pacific Northern Gas Ltd./ Pacific Northern Gas (N.E.) Ltd.
Port Alice served by Port Alice Gas Inc.
Sun Peaks served by Sun Peaks Utilities Co., Ltd.
Big White served by R334 Enterprises Ltd.
Silver Star served by Silver Star Mountain Resorts Utilities Ltd.
Sun Rivers served by Terasen Multi-Utility Services Inc.
Whistler served by Terasen Gas (Whistler) Inc.
Kicking Horse Mountain Resort served by Col-Gas Inc.
NOTES: Squamish Gas Co. Ltd. changed its name to Terasen Gas (Squamish) Inc. on April 25, 2003 and is a Terasen Inc. subsidiary.
Duke Energy Gas Transmission Canada and TransCanada Pipelines Limited are regulated by the National Energy Board.
BRITISH COLUMBIA
Fort Nelson
Pink Mountain
Fort St. John
Hudson Hope
Chetwynd
Dawson Creek
Tumbler Ridge
Mackenzie
Smithers
Granisle
Terrace
Prince Rupert
Houston
Bear Lake
Burns Lake
Fort St. James
Summit Lake
Salmon Valley
Kitimat
Endako
Vanderhoof
Fraser Lake
Shelley
Endako Mines
Prince George
Hixon
Dunkley
Quesnel
Kersley
Williams Lake
150 Mile House
Lac La Hache
100 Mile House
Clinton
Cache Creek
Ashcroft
Port Alice
Campbell River
Highland Valley
Logan Lake
Merritt
Kamloops
Sun Peaks
Sun Rivers
Chase
Sorrento
Blind Bay
Salmon Arm
Spallumcheen
Grindrod
Armstrong
Enderby
Silver Star
Lumby
Coldstream
Vernon
Winfield
Big White
Kelowna
Naramata
Penticton
Okanagan Falls
Oliver
Osoyoos
Princeton
Hedley
Summerland
Peachland
Westbank
Westsyde
Brenda Mines
Oakland
Lakeview
Peachland
Revelstoke
Golden
Kicking Horse Resort
Fernie
Elkford
Sparwood
Kimberley
Crestbrook
Cranbrook
Jaffray
Creston
Yahk
Gateway
Byron Creek
Grand Forks
Christina Lake
Castlegar
Robson
Nelson
Salmo
Boundary
Trail
Montrose
Fruitvale
Kaslo
Kootenay
Crawford Bay
Riondel
Creston
Midway
Greenwood
Whistler
Powell River
Courtenay
Comox
Sechelt
Squamish
Parksville
Nanaimo
Port Alberni
Ladysmith
Duncan
Victoria
Vancouver
Huntingdon

Decisions, Reasons for Decision and Negotiated Settlements

In 2002, the Commission moved from a calendar year to a fiscal year reporting period. The following summaries cover the period April 1, 2003 through March 31, 2004.

PRINCETON LIGHT AND POWER COMPANY, LIMITED
2003/04 Revenue Requirements Application
Order No. G-32-03 dated May 1, 2003

On February 27, 2003, Princeton Light applied for approval to pass-through a permanent decrease in energy rates effective January 1, 2003, from a base cost of 4.390 to 4.361 cents/kWh, a permanent increase in service charges of 1.884 percent and an interim increase in access charges of 5.858 percent effective April 1, 2003.

The Commission established a Written Public Hearing Process for the review of the Application.

In response to Commission staff information requests, PLP revised the Application to reduce the revenue deficiency for 2003/04 to $86,260 and requested an increase in service charges of 2.674 percent and access charges of 4.922 percent effective April 1, 2003. The Commission approved the revised Application.

TERASEN GAS (WHISTLER) INC.
(formerly known as Centra Gas Whistler Inc.)
2003 Revenue Requirements Application
Negotiated Settlement, appended to Order No. G-26-03 dated April 17, 2003

On December 10, 2002, Centra Gas Whistler Inc. applied to increase its commodity charge from $11.6113/GJ to $12.782/GJ and to decrease Rider A from $0.987/GJ to $0.569/GJ, to be effective January 1, 2003 on an interim basis.

The Commission approved an interim increase of 5.96 percent effective January 1, 2003. The Commission established a Negotiated Settlement Process which was rescheduled to be held on March 25, 2003 and a Settlement was reached.

AQUILA NETWORKS CANADA (BRITISH COLUMBIA) LTD.
Certificate of Public Convenience and Necessity Application
for a South Okanagan Substation
Order No. C-3-03 dated April 17, 2003

Aquila applied on December 16, 2003 for a Certificate of Public Convenience and Necessity for a 500 kV Substation near Oliver to reinforce power supply to the South Okanagan. On December 17, 2003, BC Hydro applied for amendments to the General Wheeling Agreement and the Power Purchase Agreement with Aquila to accommodate deliveries to Aquila at the proposed substation.

The Commission established a review of the Aquila Application and BC Hydro Application using a Written Public Hearing process. After a public Workshop on January 15, 2003 in Penticton, BC the Commission approved both Applications.

TERASEN GAS (VANCOUVER ISLAND) INC.
(formerly known as Centra Gas British Columbia Inc.)
2002 Cost of Service Allocation Study, 2002 Rate Design Application
Decision dated June 5, 2003; Order No. G-42-03

On July 31, 2002, Centra Gas filed its 2003 to 2005 Revenue Requirements Application requesting approval of accumulated revenue deficiencies and forecast test period cost of service. The Application was Phase 1 of a two-phase process to establish Centra Gas' cost of service for the future test period and to determine rates effective January 1, 2003 that are appropriate for the recovery of both the current cost of service and the amortization of accumulated revenue deficiencies. Centra Gas filed its Phase 2 Rate Design Application on September 30, 2003.

Centra Gas proposed that both the Phase 1 and 2 Applications be reviewed concurrently. On September 5, 2002, the Commission agreed in principle to this proposal. On October 22, 2002, participants at the Pre-hearing Conference were advised of the regulatory review options and did not oppose the establishing of a Negotiated Settlement Process for both the Phase 1 and Phase 2 Applications.

On December 3, 2002, participants in the Negotiated Settlement Process for the Phase 2 Application were unable to reach an agreement. The Commission referred the Application for a public hearing which commenced on February 5, 2003, adjourned on February 7, resumed on March 3 and concluded on March 6, 2003.

The Commission issued its Decision on June 5, 2003 approving as permanent the core customer class segmentation and core customer rates effective January 1, 2003.

OFFICE & PROFESSIONAL EMPLOYEES' INTERNATIONAL UNION, LOCAL 378
Complaint regarding BC Hydro's Accenture Arrangements and
Transmission Division Plans
Order No. G-44-03 dated June 5, 2003

On December 21, 2001, the Office & Professional Employees' International Union, Local 378 ("OPEIU") filed an application requesting that the Commission hold a public hearing into proposals by BC Hydro to enter into joint venture/partnership arrangements to provide service.

The Commission denied the December 21, 2001 application, finding that the Act did not apply to BC Hydro by virtue of the Hydro and Power Authority Act and did not apply to the joint venture/partnership-type arrangements.

The OPEIU then filed an application for reconsideration. After considering the application, the Commission denied the reconsideration application, with Reasons.

On April 29, 2002, the OPEIU applied to the BC Court of Appeal for leave to appeal Order No. G-28-02. The Application was withdrawn on September 30, 2003, and was formally abandoned on January 24, 2003.

On December 18, 2003, the OPEIU applied to the Commission submitting that BC Hydro's privatization plans had changed since the original December 21, 2001 application and requested the Commission exercise its jurisdiction to examine and conduct a public hearing on the Accenture Memorandum of Understanding.

By Order in Council 0219 dated March 13, 2003, and pursuant to the Energy and Mines Statutes Amendment Act, the Lieutenant Governor in Council designated that BC Hydro is not required to obtain any approval, authorization, permit or order under the Utilities Commission Act in connection with the Accenture Agreements, and the Commission must not prohibit BC Hydro from taking any action that it is entitled or required to take under the terms of the Agreements.

The Commission issued Order No. G-44-03 denying the OPEIU's December 19, 2002 Application.

VANCOUVER ISLAND ENERGY CORPORATION
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY APPLICATION FOR THE VANCOUVER ISLAND GENERATION PROJECT
DECISION DATED SEPTEMBER 8, 2003; ORDER NO. G-55-03

On March 12, 2003, Vancouver Island Energy Corporation applied for a Certificate of Public Convenience and Necessity for the Vancouver Island Generation Project.

The Commission issued a Regulatory Agenda and Timetable for two Workshops and a Pre-hearing Conference. The oral public hearing commenced on June 16 and concluded on July 3, 2003. Written Final Arguments and Reply Argument were completed by July 25, 2003 and an additional proceeding day was held on July 28, 2003.

The Commission issued its Decision denying Vancouver Island Energy Corporation a Certificate of Public Convenience and Necessity for the Vancouver Island Generation Project.

PRINCETON LIGHT AND POWER COMPANY, LIMITED
Application for Tariff Changes
Order No. G-56-03 dated September 2, 2003

On June 24, 2003, Princeton Light and Power Company, Limited ("PLP") applied for approval of revisions and increases to the Service and Extension Charges that are contained in the Company's filed Electric Tariff, B.C.U.C. No. 5, to become effective September 1, 2003. Changes to service charges were based on PLP's need to update the pricing methodology to reflect its current operating conditions.

PLP also applied to the Commission for approval of a new commercial rate class to be called "General Service Seasonal Rates, Schedule CSXGS". The new rate class is intended to accommodate seasonal operations that currently pay high demand charges during extended closures.

The Commission set the Application down for a Written Public Hearing Process.

By Order No. G-56-03 the Commission approved the revisions to the Service and Extension Charges and a new commercial rate class effective September 1, 2003.

TERASEN GAS INC.
(formerly known as BC Gas Utility Ltd.)
2004 and Multi-Year Revenue Requirements Application
Negotiated Settlement appended to Order No. G-51-03 dated July 29, 2003

On April 17, 2003 BC Gas applied for approval of its Multi-Year Performance-Based Rate Plan to set rates for 2004 to 2008.

On May 15, 2003, a Workshop and Pre-hearing Conference was held to discuss procedural matters for a Negotiated Settlement Process. The Negotiated Settlement Process commenced on June 9, 2003 and led to a negotiated settlement.

Order No. G-51-03 approved the Negotiated Settlement for a 2004-2007 Performance-Based Rate Plan.

TERASEN GAS INC.
(formerly known as BC Gas Utility Ltd.)
Operating Agreement and Addendum with the City of Penticton
Reasons for Decision appended to Order No. C-8-03 dated September 2, 2003

On January 22, 2003 BC Gas applied for approval of an Operating Agreement and Addendum with the City of Penticton. The Operating Agreement has a 21-year term to December 31, 2023 and replaces the franchise agreement approved by Order No. C-17-80.

Order No. G-27-03 established a written hearing process.

The Commission issued Order No. C-8-03 and Reasons for Decision granting a Certificate of Public Convenience and Necessity which will expire 21 years from January 1, 2003 based on the December 20, 2002 Operating Agreement and Addendum with the Corporation of the City of Penticton.

TERASEN GAS INC.
(formerly known as BC Gas Utility Ltd.)
Operating Agreement and Addendum with the Corporation of the District of Salmon Arm
Reasons for Decision appended to Order No. C-7-03 dated September 2, 2003

On January 22, 2003 BC Gas applied for approval of an Operating Agreement and Addendum with the Corporation of the District of Salmon Arm. The Operating Agreement has a 21-year term to December 31, 2023 and replaces the franchise agreement approved by Order No. C-24-80.

Order No. G-28-03 established a written hearing process.

The Commission issued Order No. C-7-03 and Reasons for Decision granting a Certificate of Public Convenience and Necessity which will expire 21 years from January 1, 2003 based on the January 1, 2003 Operating Agreement and Addendum with the Corporation of the District of Salmon Arm.

TERASEN GAS INC.
2003 Annual Review of its 2004 Revenue Requirements Application
Order No. G-80-03 dated December 11, 2003

The Commission held the Annual Review of Terasen Gas' 2004 Revenue Requirements on November 21, 2003 in an attempt to obtain consensus on issues needed by the Commission to set delivery rates for the year 2004. The Application requested approval to increase delivery rates by 4.3 percent to recover a 2004 revenue deficiency of $19.5 million, to cancel a ten-month rider approved by Order No. G-7-03 and to increase the Revenue Stabilization Adjustment Mechanism (RSAM") rider by $0.061/GJ to $0.195/GJ. The Application also requested to increase the property tax incentive from 10 percent to 25 percent, approval of a Utility Asset Utilization Incentive subject to project details and economics and an incentive for pension and insurance costs similar to the property tax incentive.

By Order No. G-80-03 the Commission approved a rate increase in delivery rates of 4.30 percent, the cancellation of the ten-month rider, and the increase to the RSAM rider effective January 1, 2004. The requests for an increase to the property tax incentive from 10 percent to 25 percent, a Utility Asset Utilization Incentive, and an incentive for pension and insurance costs were denied.

TRICOR ACQUISITION (STP) INC.
Application to Acquire a Reviewable Interest in Pacific Northern Gas Ltd.
and Pacific Northern Gas (N.E.) Ltd.
Order No. G-71-03 dated October 30, 2003

On October 16, 2003 Tricor Acquisitions (STP) Inc. applied for approval of the acquisition of a reviewable interest in Pacific Northern Gas Ltd. and its subsidiary, Pacific Northern Gas (N.E.) Ltd. from Westcoast Energy Inc.

Pacific Northern Gas undertook a comprehensive stakeholder communication and consultation program and no concerns were raised with respect to the application.

By Order No. G-71-03 the Commission approved the acquisition by Tricor Acquisitions (STP) Inc. of a reviewable interest in Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd.

INSURANCE CORPORATION OF BRITISH COLUMBIA
2004 Revenue Requirements Application
Decision dated November 12, 2003; Order No. G-75-03

On August 29, 2003, the Insurance Corporation of British Columbia applied for approval to increase customers' premiums for Universal Compulsory Automobile Insurance by 1.3 percent applicable to all contracts taking effect on or after January 1, 2004.

Order No. G-54-03 set down a Regulatory Agenda and Timetable for the review of the Application. A Workshop was held on September 11, 2003 that reviewed issues prior to the deadline for information requests. The Commission reviewed the Application using a written public hearing process.

The Commission issued its decision approving the Basic Insurance premium rate schedules to increase rates by 0.4 percent effective January 1, 2004.

On December 11, 2003, the Insurance Corporation of British Columbia filed a Notice of Application for Leave to Appeal the Commission's Decision submitting the Commission exceeded its jurisdiction and erred in law with respect to directions regarding a separate reserve account. The Appeal Application was subsequently withdrawn.

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
Report and Recommendations to the Lieutenant Governor in Council relating to
a Heritage Contract for British Columbia Hydro and Power Authority
Report and Recommendations dated October 17, 2003

Order in Council No. 253 requested the Commission to provide the Province with a report and recommendations by October 17, 2003 relating to the heritage contract, stepped rates and transmission access as specified in the Terms of Reference provided by the Province.

The Commission established a Workshop, Pre-hearing Conference, Regional Inquiry Sessions and an Oral Public Hearing. The public hearing phase of the Inquiry concluded on August 13, 2003 and the oral phase of final argument occurred on September 5, 2003.

On October 17, 2003, the Commission submitted its Report and Recommendations to the Provincial Government addressing 27 recommendations. The Minister of Energy issued the Government's response on November 28, 2003.

TERASEN GAS INC.
Commodity Unbundling and Customer Choice
Reasons for Decision appended to Order No. G-25-04 dated March 11, 2004

Letter No. L-54-03 established a Workshop on November 20, 2003 to discuss a Terasen Gas Commodity Unbundling Application dated October 27, 2003. In addition, draft "Rules for Gas Marketers" were discussed and interested parties were invited to provide written comments.

On November 27, 2003, the Commission issued Letter No. L-59-03 and revised draft Rules for Gas Marketers as several issues arose from the workshop. Terasen Gas revised its Commodity Unbundling Application on December 8, 2003, to address specific concerns and comments provided by parties involved in the process.

On December 23, 2003, the Commission accepted revisions to Terasen Gas' Commodity Unbundling Application effective January 1, 2004. The Rules for Gas Marketers and the Licence Application Form were also approved. The Commission accepted a customer education program presented by Terasen Gas.

On January 26, 2004 a Commission-led Workshop was held on the Application. Commission Order No. G-13-04 established a Regulatory Timetable for a written public hearing process to examine the Application. On February 11, 2004, Terasen Gas responded to requests for information and requested clarification on three issues.

Order No. G-25-04 and Reasons for Decision was issued approving certain of the requests in the Application and responding to the February 11, 2004 letter.

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
Net Metering Rate Schedule 1289 Application
Reasons for Decision appended to Order No. G-26-04 dated March 12, 2004

On November 3, 2003 BC Hydro applied for approval of a Net Metering Tariff Rate Schedule 1289 as directed in Letter No. L-37-03. Net metering promotes small-scale, grid-connected generation at homes and businesses by allowing customers with distributed generation to "bank" their excess generation.

Commission Order No. G-78-03 dated November 27, 2003 established a written hearing process, which was conducted from December 5, 2003 through January 30, 2004. On March 12, 2004, the Commission issued Order No. G-26-04 and Reasons for Decision approving a net metering tariff for BC Hydro.

TERASEN GAS INC. (FORT NELSON SERVICE AREA)
2004 Revenue Requirements Application
Reasons for Decision appended to Order No. G-17-04 dated February 12, 2004

On October 10, 2003 Terasen Fort Nelson applied for approval of its 2004 Revenue Requirements Application to amend its Schedule of Rates effective January 1, 2004. The Application sought to recover increased revenue requirements associated with the delivery of natural gas. The Application requested an increase of 1.96 percent on total revenues (equivalent to a 7.45 percent increase in the gas delivery rates). For residential customers this translates into an increase of $0.096 per gigajoule on average. The gas delivery charge for commercial customers will increase by about $0.121 per gigajoule on average.

The Commission reviewed Terasen Fort Nelson's Application through a Written Public Hearing Process which ended on January 5, 2004 with Final Written Argument from Terasen Gas. On February 12, 2004, the Commission issued Order No. G-17-04 and Reasons for Decision approving the 2004 increase.

TERASEN GAS (WHISTLER) INC.
2004 and 2005 Revenue Requirements Application
Negotiated Settlement appended to Order No. G-14-04 dated February 4, 2004

On October 28, 2003 Terasen Whistler applied for approval of its 2004 and 2005 Revenue Requirements Application. The Application proposes to increase the basic charge per month to $10.00, to increase the propane commodity charge from $12.522/GJ to $13.930/GJ, and to decrease Rider A from $2.493/GJ to $0.376/GJ effective January 1, 2004. The Application further proposes to reduce the propane commodity charge to $13.540/GJ, and decrease Rider A to zero, both effective January 1, 2005.

By Order No. G-77-03 the Commission established a Negotiated Settlement Process which was held on January 8, 2004 in Whistler, BC. All participants reviewed and approved the proposed Settlement. The Commission issued Order No. G-14-04 approving the Settlement Agreement for Terasen Whistler.

TERASEN GAS INC. (formerly known as BC Gas Utility Ltd.)
Complaint by the Heating Ventilating Cooling Industry Association
Reasons for Decision appended to Letter No. L-11-04 dated February 20, 2004

On September 22, 2003, the Heating Ventilating Industry Association of BC ("HVCI") filed a complaint alleging non-compliance by Terasen Gas Inc. with certain directives in the BC Utilities Commission's decision dated February 4, 2003.

The complaint referred in general to the potential confusion between Utility activities and non-Utility activities as shown on the Utility website, and inadequate management procedures with respect to communicating and enforcing compliance with the Utility Transfer Pricing Policy and Code of Conduct.

By Letter No. L-11-04 and Reasons for Decision, the Commission concluded that Terasen Gas Inc. was in compliance with the directives in the February 2003 Decision.

TERASEN GAS INC. (formerly known as BC Gas Utility Ltd.)
Market-Based Commodity Rates for Rate Schedules 7, 10, 14 and 14A
for the 2003/04 Gas Contract Year
Reasons for Decision appended to Order No. G-25-03 dated April 10, 2003

On February 28, 2003, BC Gas requested approval of Rate Schedules 7, 10, 14 and 14A tariffs for the 2003/04 gas contract year starting November 1, 2003 and ending October 31, 2004.

The Commission issued Order No. G-25-03 and Reasons for Decision approving Rate Schedules 7 and 10 as applied for. Rate Schedules 14 and 14A (Term and Spot Gas Sales) were approved except for a proposed change to the "Swing Premium".

TERASEN GAS (VANCOUVER ISLAND) INC. (formerly known as Centra Gas British Columbia Inc.)
2002 Actual Revenue Deficiency, Forecast 2004 Royalty Adjusted Cost of Gas,
Amortization of Gas Cost Variance Account Balance, Creation of an Apartment Rate Class-AGS
and 2004 Customer Rates
Reasons for Decision appended to Order No. G-81-03 dated December 11, 2003

Order No. G-2-03 approved the 2003-2005 Negotiated Settlement for Terasen Gas (Vancouver Island) Inc.'s 1999-2001 Actual Revenue Requirements and Revenue Deficiencies and 2003-2005 Forecast Revenue Requirements. The Negotiated Settlement required that an Annual Review be held in November of each year to review.

The Annual Review was held on November 19, 2003 with information requests, responses and participant submissions completed on December 8, 2003.

The Commission issued Order No. G-81-03 and Reasons for Decision approving Terasen Gas (Vancouver Island) Inc.'s Application as filed.

Exemptions

There are two types of exemptions from the provisions of the Utilities Commission Act: Section 22 Ministerial exemptions and Section 88 Commission exemptions.

Section 22 – Ministerial Exemptions

Ministerial Order M-22-0205 (M202, dated June 6, 2002) exempts persons who are not otherwise a public ufility, and their equipment facilities, plants, projects or systems, from the provisions of Part 3 of the Utilities Commission Act (except Section 22) with respect to the production and sale of electricity to BC Hydro or Powerex.

Following this date the Independent Power Producers ("IPPs") were not required to seek Commission exemptions from public utility status so long as the power produced from the project was sold to BC Hydro or Powerex.

Section 22 also enables the Minister to refer an exemption application to the Commission for review, or delegate the decision to the Commission.

Section 88 - Commission Exemptions

Commission exemptions may exempt a utility from any provision of the Act except for Part 2 and matters subject to Sections 22 and 71. Cabinet pre-approval is required. This section is often used to exempt upstream natural gas plants, pipelines, and related facilities from public utility status.

The Commission has developed a specific practice to issue Section 88 exemptions. First, the utility applies to the Commission for an exemption from regulation with respect to a particular activity, project, or agreement. If the Commission agrees with the application in principle and decides that an exemption will not jeopardize the public interest, it requests approval from Cabinet. By Order of the Lieutenant Governor in Council, Cabinet formally approves the exemption. Finally, the Commission issues its own order granting an exemption under Section 88(3).

The following Commission exemptions from regulation were granted under Section 88(3) of the Act in 2003/04.

- **Montenay Inc. and Greater Vancouver Sewerage and Drainage District**
  Order No. G-60-03

Exempted Montenay Inc. and Greater Vancouver Sewerage and Drainage District from the provisions of Part 3 of the Act, except Section 22, with respect to the sale of electricity produced at the Greater Vancouver Sewerage and Drainage District Incinerator in Burnaby, BC.

Performance Indicators

Proceeding Days Summary (Fiscal 2003/04)

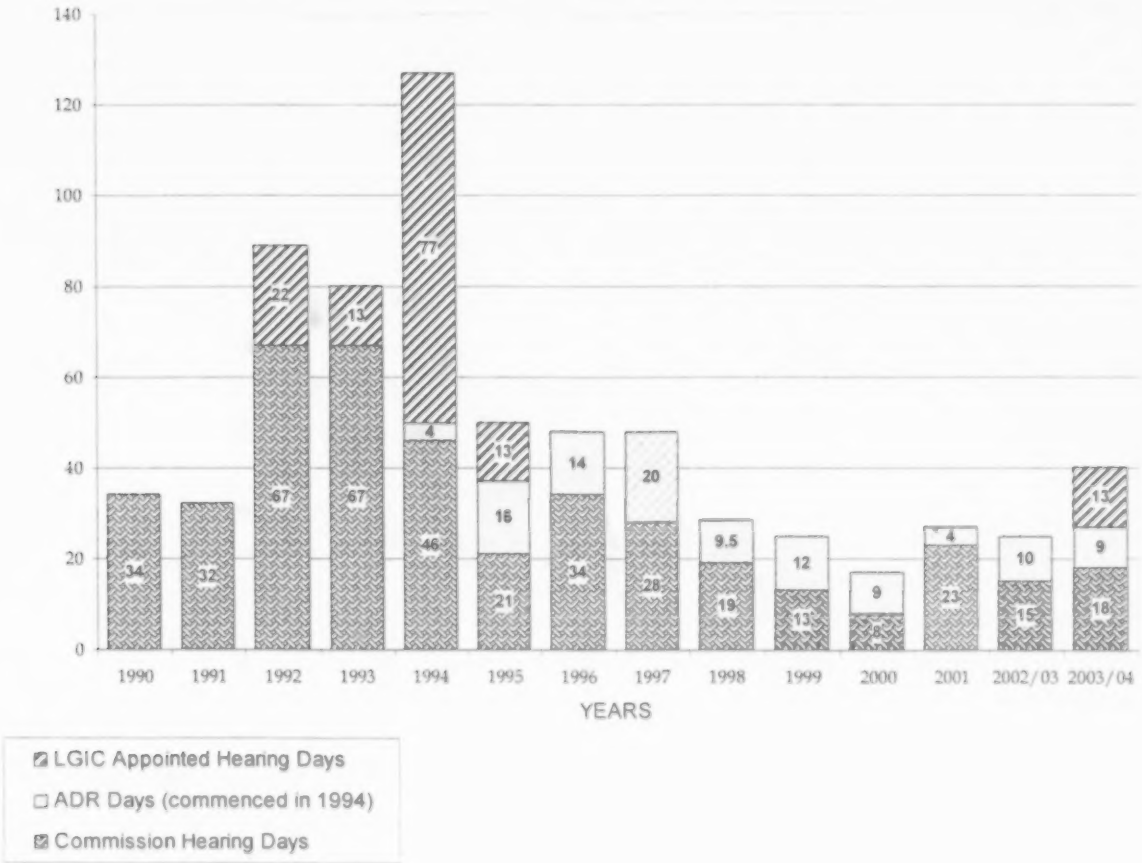
Applicant	Application	Pre-hearing Conference	Workshop	NSP/ ADR	Oral Public Hearings	Total Days
PLP	2003/04 Revenue Requirements				Written Hearing	
Terasen Gas (BC Gas)	Commodity Unbundling and Customer Choice		3			3
VIEC / BC Hydro	CPCN Application - Vancouver Island Generation Project	1	1		15	17
BC Hydro	Heritage Contract Inquiry	1	5		13	19
Terasen Gas (BC Gas)	Operating Agreement and Addendum with the District of Salmon Arm				Written Hearing	
Terasen Gas (BC Gas)	Operating Agreement and Addendum with the City of Penticton				Written Hearing	
Terasen Gas (BC Gas)	Performance Based Rate Plan for 2004-2008	.5	.5	6		7
PLP	Service and Extension Charges Increases				Written Hearing	
ICBC	2004 Revenue Requirements				Written Hearing	
Terasen VI	2003 Annual Review		1			1
Terasen Gas	2003 Annual Review and 2004 Preliminary Revenue Requirements		1			1
Aquila	2003 Annual Review and 2004 Preliminary Revenue Requirements		1	2		3
Terasen Whistler	2004/05 Revenue Requirements			1		1
BC Hydro	Net Metering Application				Written Hearing	
PNG (NE)	2004 Revenue Requirements				Written Hearing	

Applicant	Application	Pre-hearing Conference	Workshop	NSP/ ADR	Oral Public Hearings	Total Days
BC Hydro	2004-2006 Revenue Requirements	1	1			2
PNG	2004 Revenue Requirements Recapitalize and Change to an Income Trust	.5	1.5		1	3
ICBC	Performance Measures		1			1
Terasen VI	BC Hydro Reconsideration of Commission Decision - June 5, 2003 on TGVI 2002 Rate Design				2	2
TOTAL DAYS		**4**	**17**	**9**	**31**	**61**

Hearing and Alternative Dispute Resolution Days (Fiscal 2003/04)

The Negotiated Settlement Process is part of the Commission's efforts to improve the quality and efficiency of regulation. Use of the Negotiated Settlement Process, which is also referred to as Alternative Dispute Resolution, requires considerable work before, during and after the negotiations. Revised "Negotiated Settlement Process: Policy, Procedures and Guidelines" were issued on January 23, 2001 (Letter No. L-3-01).

Alternative Dispute Resolution, the use of formulas for setting ROEs, and multi-year performance based settlements have all contributed to the decline in the number of hearing days (see chart). Matters referred to the Commission by the Lieutenant Governor in Council, such as the Kemano Completion Project and the Heritage Contract Inquiry, can have a dramatic affect on the number of hearing days; for example, in 1994 the Kemano Completion Project was reviewed over 77 hearing days and the Heritage Inquiry was reviewed over 13 days.



Customer Complaints and Inquiries (Fiscal 2003/04)

Inquiries from Utility Customers concerning Terms and Conditions of Utility Service, Quality of Service, Rate Increases, Billing and Payment Requirements, Disconnections, etc.

An important aspect of the Commission's mandate is to apply regulation in a manner that reflects fair, consistent and clearly enunciated standards. Commission staff are available to assist the public in dealing with regulated utilities so that problems and inquiries are handled in a prompt, helpful and efficient manner.

Most complaints and inquiries are resolved through discussions between the customer and the utility concerned. Unresolved issues are referred to the Commission. To facilitate communication between the Commission and the customers of regulated utilities wishing to file complaints or have points clarified, toll-free calling from anywhere in the Province is available. The number of complaints and inquiries in 2003/04 increased to 639 from 390 in 2002/03.

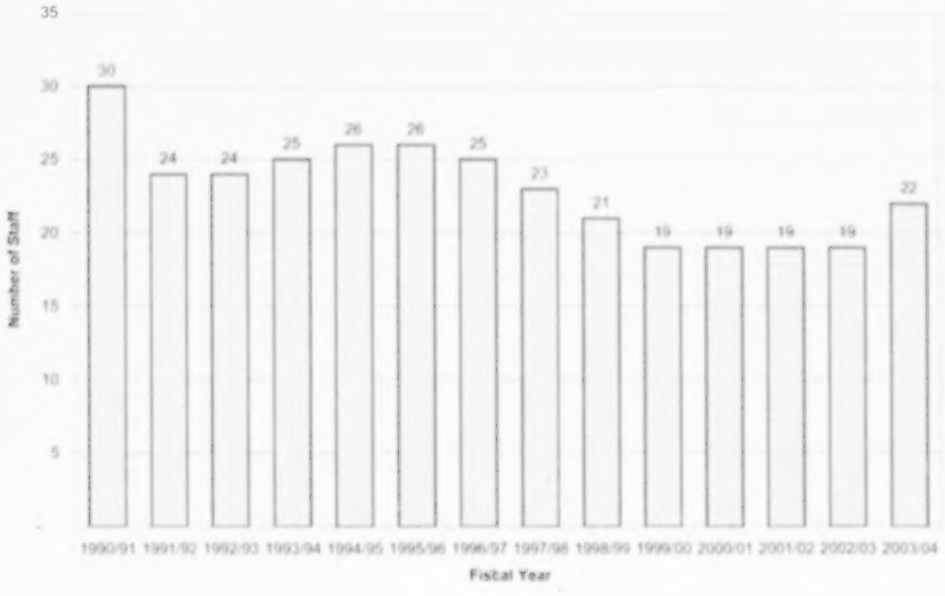
During 2003/04, two requests for information were made under the Freedom of Information and Protection of Privacy Act.

Summary of 2003/04 Customer Complaints and Inquiries

Terasen Gas Inc. (formerly known as BC Gas Utility Ltd.)		407
~ General Complaints	68	
~ Billing	85	
~ Credit Card Payment Option	3	
~ Disconnected/Security Deposit Requirement	251	
British Columbia Hydro and Power Authority		149
~ General Complaints	10	
~ Quality of Service	9	
~ Billing	41	
~ Disconnected/Security Deposit Requirement	89	
British Columbia Hydro/Terasen Gas Inc. (combined)		1
Aquila Networks Canada (British Columbia) Ltd.		55
Terasen Gas (Vancouver Island) Inc. (formerly known as Centra Gas (British Columbia) Inc.)		6
Terasen Gas (Squamish) Inc. (formerly known as Squamish Gas Co. Ltd.)		1
Pacific Northern Gas Ltd.		7
Pacific Northern Gas (N.E.) Ltd.		10
Hemlock Valley		2
Princeton Light and Power Company, Limited		1
Central Heat Distribution Limited		0
Silversmith Power		0
Terasen Multi-Utility Services Inc. (Sun Rivers and Toby Creek)		0
Stargas Utilities Ltd.		0
Port Alice Gas Inc.		0
R334 Enterprises Ltd.		0
Cal-Gas Inc.		0
Sun Peaks Utilities Co. Ltd.		0
Total 2003/04 Complaints/Inquiries		639

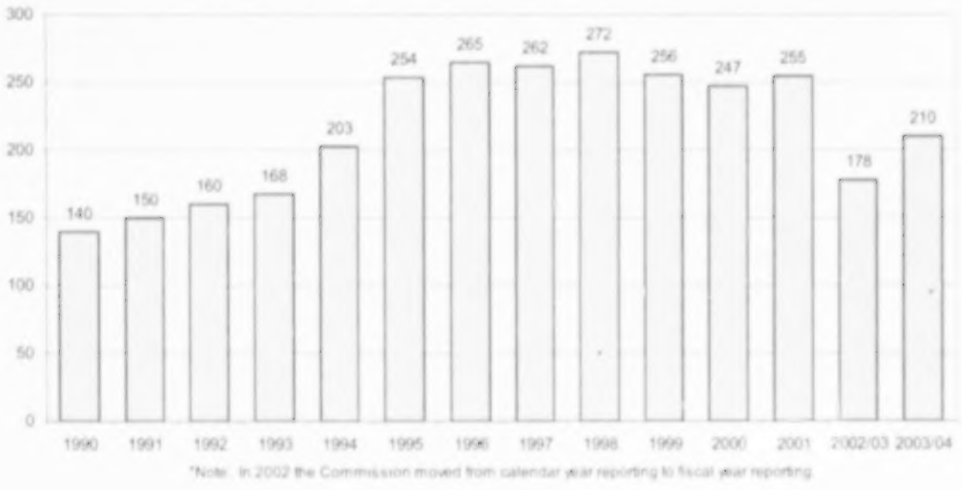
Staffing Levels

Staffing levels rose in 2003/04 to 22 from 19 in 2002/03. The increase in the number of staff was due to the addition of ICBC to the Commission's regulatory responsibility and the return of BC Hydro to regulation.



Directives Issued

The number of Orders and Letters of Direction issued in 2003/04 was 210 up from the 178 recorded for 2002/03.

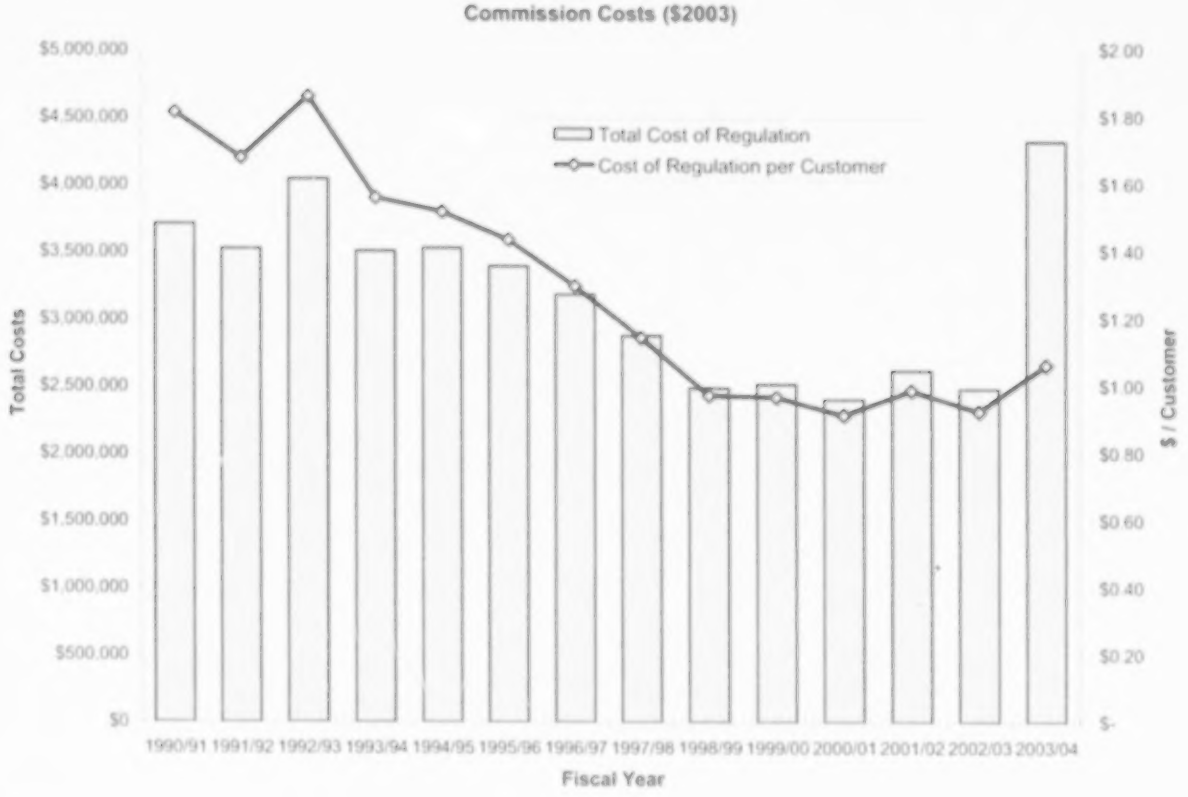


*Note: In 2002 the Commission moved from calendar year reporting to fiscal year reporting.

Commission Expenditures and Cost of Regulation per Customer

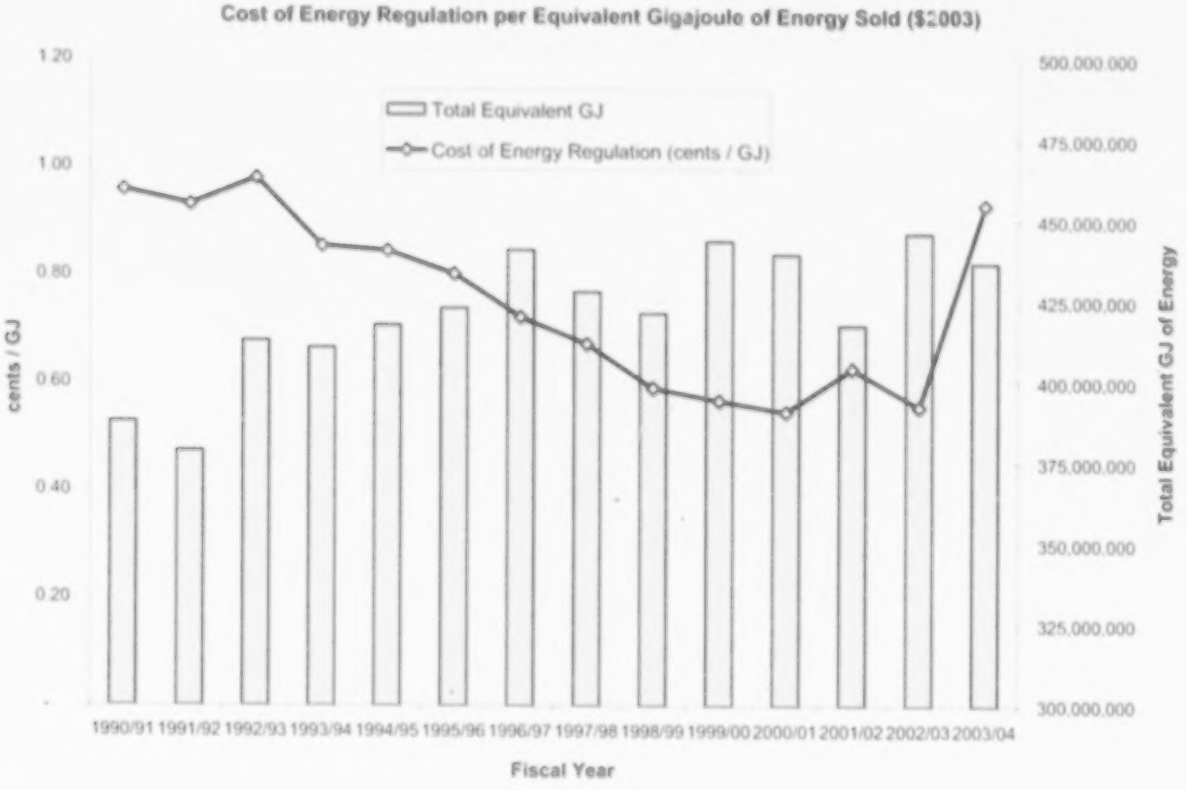
The Commission's actual expenditures for fiscal year 2003/04 (unaudited) were $4,316,926.23 million. The increase in expenditures results from an increase to the Commission's regulatory responsibility, number of hearing days and staffing levels.

The cost of regulation per customer is calculated by dividing Commission expenditures by the total number of customers of regulated utilities. For the five years prior to 2003/04, it has been under one dollar per customer, about half of what it was in the early 1990's. The rise in the cost of regulation per customer for 2003/04 reflects the increase in the number of hearing days, the return of BC Hydro to Commission regulation and the regulation of ICBC.



Cost of Energy Regulation per Equivalent Gigajoule of Energy Sold (cents)

The cost of regulation per gigajoule (equivalent) of energy sold is calculated by dividing Commission energy regulation expenditures by the amount of energy sold or transported by utilities in that year.



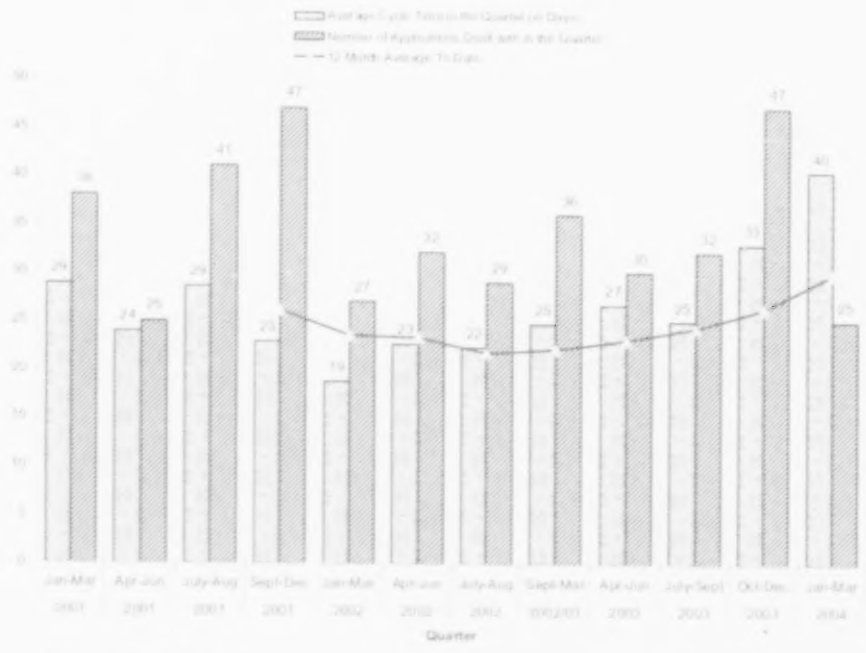
The equivalent energy sold includes both natural gas by gas utilities and the electricity sold (converted to gigajoules) by electrical utilities. From 1996 to 2003 the rates of BC Hydro were effectively frozen and therefore required less regulation than currently, now that the rate freeze has expired.

Cycle Times

The following four graphs portray "cycle" or "turnaround" times - the time elapsed between the receipt of an Application and a Commission decision - categorized according to the four main ways the Commission processes the Application.

"Non-Hearing" Applications are usually straightforward and not controversial. They are managed by staff review and analysis, often with supplementary information requests and responses from the utility, but without a formal public review. Average cycle times, by quarter, ranged from 25 to 40 calendar days in 2003/04.

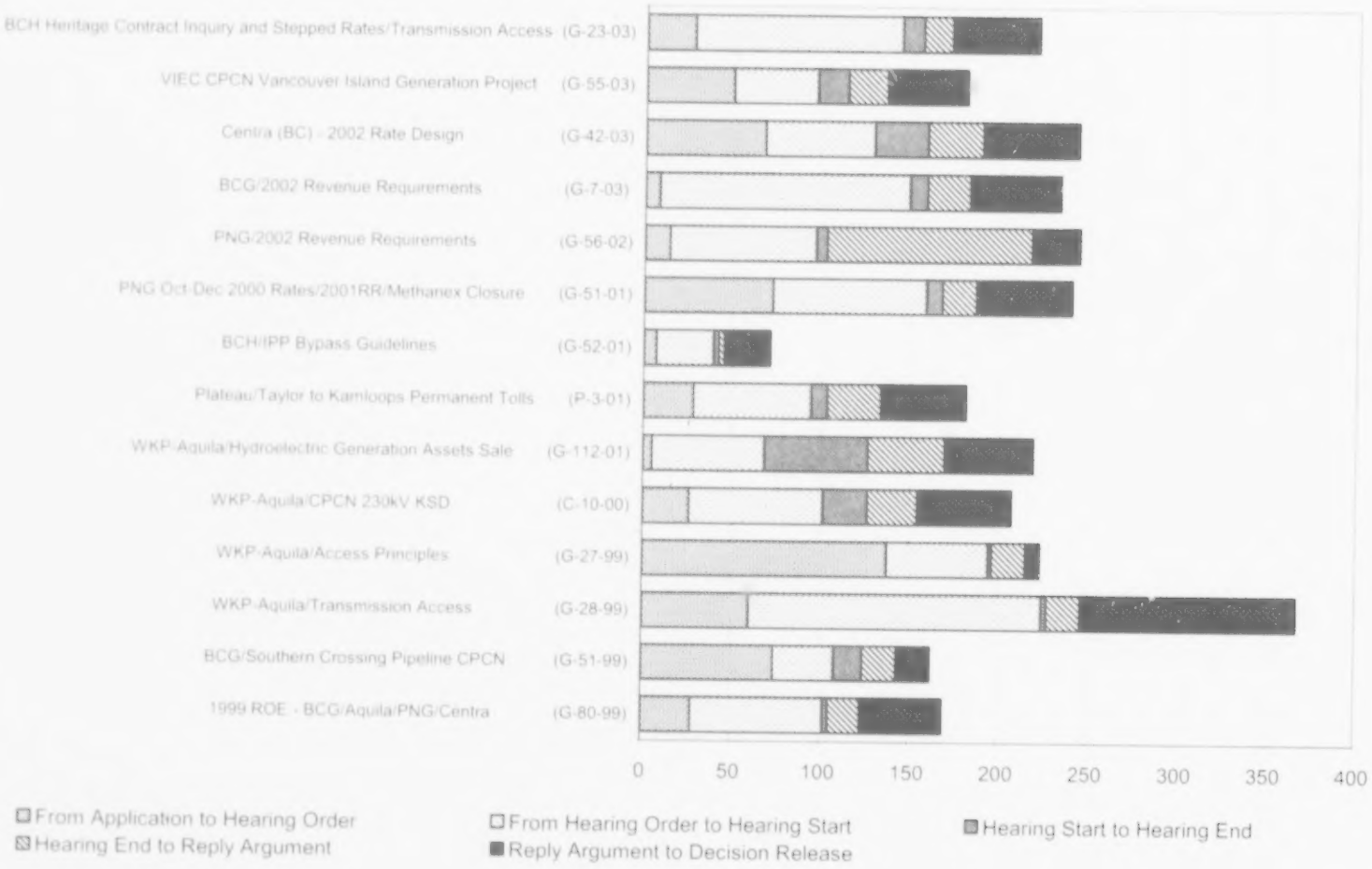
Cycle Times for Non-Hearing Applications by Quarter (2001-2003/04)



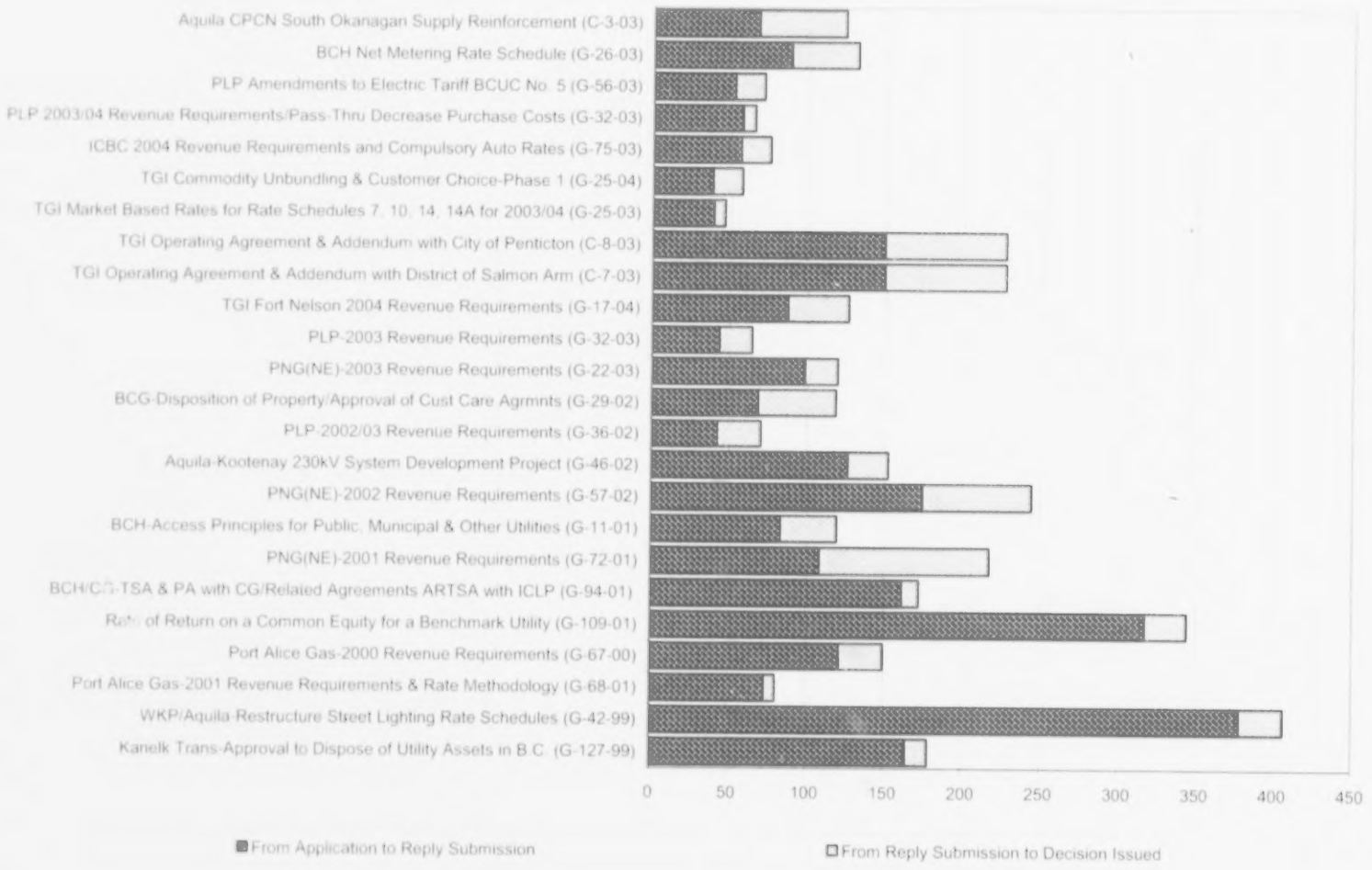
Note: In 2002/03 the Commission moved from Calendar year reporting to fiscal year reporting.

More complex applications require a public review process, usually through either an oral public hearing, a written public hearing, or a negotiated settlement process. The following three graphs portray the cycle times for applications since 1998/99 managed by these three processes. Oral public hearings are quasi-judicial and adversarial; most take seven to eights months between receipt of the Application and the issuance of the Commission Decision. The BCUC's written hearing process cycle times average about six months, and Applications managed by a negotiated settlement process take about four months on average between receipt and disposition.

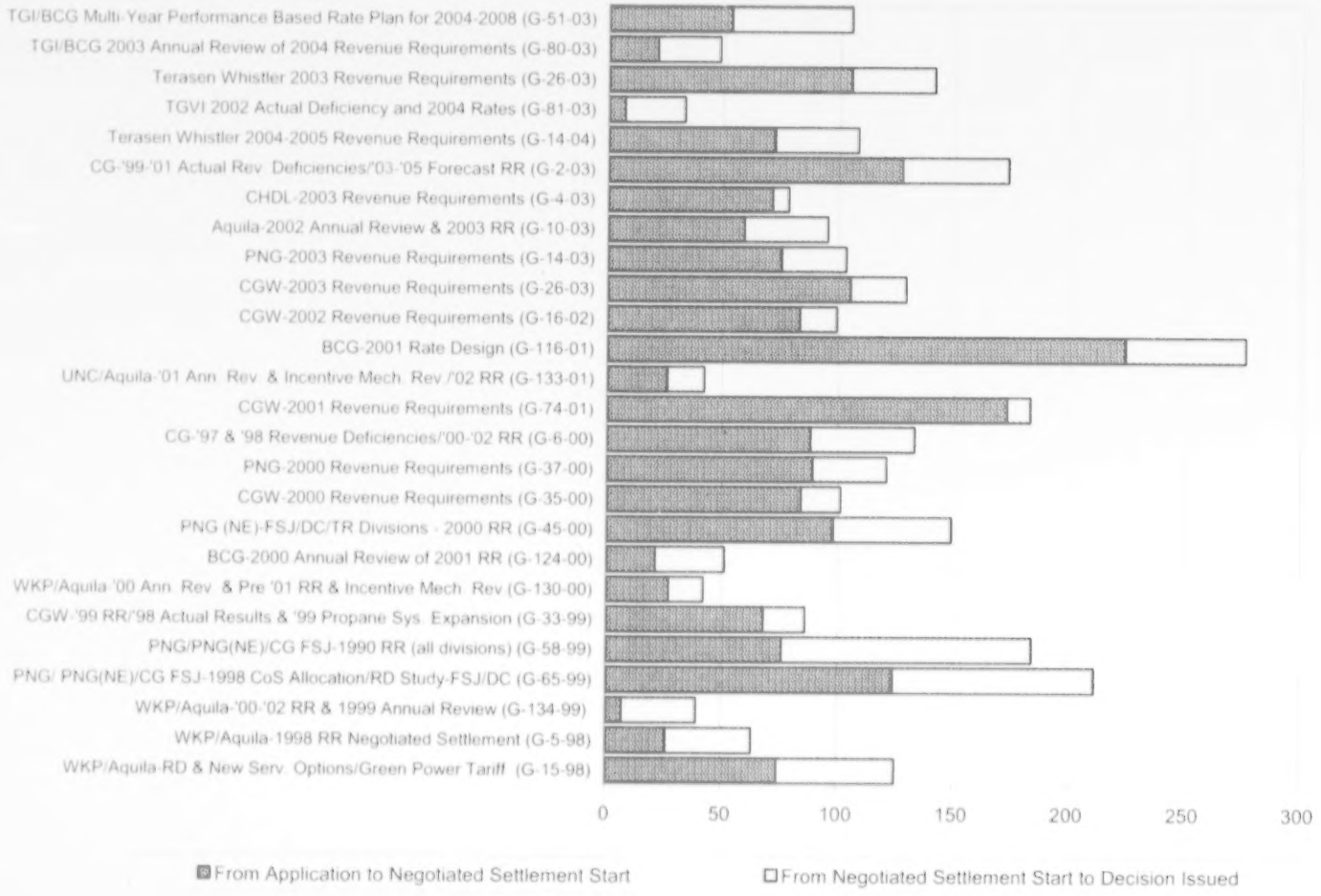
BCUC Oral Public Hearing Cycle Times 1999 to Date



BCUC Written Hearing Cycle Times 1998 to Date


Aquila CPCN South Okanagan Supply Reinforcement (C-3-03)
BCH Net Metering Rate Schedule (G-26-03)
PLP Amendments to Electric Tariff BCUC No. 5 (G-56-03)
PLP 2003/04 Revenue Requirements/Pass-Thru Decrease Purchase Costs (G-32-03)
ICBC 2004 Revenue Requirements and Compulsory Auto Rates (G-75-03)
TGI Commodity Unbundling & Customer Choice-Phase 1 (G-25-04)
TGI Market Based Rates for Rate Schedules 7, 10, 14, 14A for 2003/04 (G-25-03)
TGI Operating Agreement & Addendum with City of Penticton (C-8-03)
TGI Operating Agreement & Addendum with District of Salmon Arm (C-7-03)
TGI Fort Nelson 2004 Revenue Requirements (G-17-04)
PLP-2003 Revenue Requirements (G-32-03)
PNG(NE)-2003 Revenue Requirements (G-22-03)
BCG-Disposition of Property/Approval of Cust Care Agrmnts (G-29-02)
PLP-2002/03 Revenue Requirements (G-36-02)
Aquila-Kootenay 230kV System Development Project (G-46-02)
PNG(NE)-2002 Revenue Requirements (G-57-02)
BCH-Access Principles for Public, Municipal & Other Utilities (G-11-01)
PNG(NE)-2001 Revenue Requirements (G-72-01)
BCH/CG-TSA & PA with CG/Related Agreements ARTSA with ICLP (G-94-01)
Rate of Return on a Common Equity for a Benchmark Utility (G-109-01)
Port Alice Gas-2000 Revenue Requirements (G-67-00)
Port Alice Gas-2001 Revenue Requirements & Rate Methodology (G-68-01)
WKP/Aquila-Restructure Street Lighting Rate Schedules (G-42-99)
Kanelk Trans-Approval to Dispose of Utility Assets in B.C. (G-127-99)
0
50
100
150
200
250
300
350
400
450
From Application to Reply Submission
From Reply Submission to Decision Issued

BCUC Negotiated Settlement Cycle Times 1998 to Date


TGI/BCG Multi-Year Performance Based Rate Plan for 2004-2008 (G-51-03)
TGI/BCG 2003 Annual Review of 2004 Revenue Requirements (G-80-03)
Terasen Whistler 2003 Revenue Requirements (G-26-03)
TGVI 2002 Actual Deficiency and 2004 Rates (G-81-03)
Terasen Whistler 2004-2005 Revenue Requirements (G-14-04)
CG-'99-'01 Actual Rev. Deficiencies/'03-'05 Forecast RR (G-2-03)
CHDL-2003 Revenue Requirements (G-4-03)
Aquila-2002 Annual Review & 2003 RR (G-10-03)
PNG-2003 Revenue Requirements (G-14-03)
CGW-2003 Revenue Requirements (G-26-03)
CGW-2002 Revenue Requirements (G-16-02)
BCG-2001 Rate Design (G-116-01)
UNC/Aquila-'01 Ann. Rev. & Incentive Mech. Rev./'02 RR (G-133-01)
CGW-2001 Revenue Requirements (G-74-01)
CG-'97 & '98 Revenue Deficiencies/'00-'02 RR (G-6-00)
PNG-2000 Revenue Requirements (G-37-00)
CGW-2000 Revenue Requirements (G-35-00)
PNG (NE)-FSJ/DC/TR Divisions - 2000 RR (G-45-00)
BCG-2000 Annual Review of 2001 RR (G-124-00)
WKP/Aquila-'00 Ann. Rev. & Pre '01 RR & Incentive Mech. Rev (G-130-00)
CGW-'99 RR/'98 Actual Results & '99 Propane Sys. Expansion (G-33-99)
PNG/PNG(NE)/CG FSJ-1990 RR (all divisions) (G-58-99)
PNG/ PNG(NE)/CG FSJ-1998 CoS Allocation/RD Study-FSJ/DC (G-65-99)
WKP/Aquila-'00-'02 RR & 1999 Annual Review (G-134-99)
WKP/Aquila-1998 RR Negotiated Settlement (G-5-98)
WKP/Aquila-RD & New Serv. Options/Green Power Tariff (G-15-98)
0
50
100
150
200
250
300
From Application to Negotiated Settlement Start
From Negotiated Settlement Start to Decision Issued

General Orders

G-23-03 BC HYDRO

Directed the Utility to file by April 30, 2003 a proposal that identifies the detailed recommendations and reasons that should be contained in the Commission's report to the Lieutenant Governor in Council regarding a Heritage Contract for BC Hydro's Existing Generation Resources and Stepped Rates and Transmission Access. A Regulatory Agenda and Timetable were attached as Appendix A to the Order.

G-24-03 SUN RIVERS

Approved increases in natural gas rates for Rate Schedule 1 - Residential Service and Rate Schedule 2 - Small Commercial Service customers, effective April 1, 2003.

G-25-03 TERASEN GAS

Approved the Rate Schedule 7 and Rate Schedule 10 tariffs without change for the 2003/04 Gas Contract Year. The Rate Schedules 14 and 14A were also approved, except that the Swing Premium under the Annual Fixed Price Option will continue to be $0.84/GJ and a report must be filed within 30 days of the end of each month that summarizes gas purchase and sales quantities, and costs and revenue for each rate option for the month.

Reasons for Decision were appended to the Order.

G-26-03 TERASEN WHISTLER

Approved the 2003 Revenue Requirement Settlement Agreement, which decreases the interim energy charge for all customers to $12.522 per gigajoule, and increases the Gas Cost Deferral Account rider to $0.610 per gigajoule, effective January 1, 2003. A permanent Gas Tariff Rate Schedule is to be filed in accordance with this Order and the terms of the Settlement Agreement appended to the Order.

G-27-03 TERASEN GAS

Referred the application for approval of an Operating Agreement and Addendum with the City of Penticton to a written hearing process.

G-28-03 TERASEN GAS

Referred the Application for approval of an Operating Agreement and Addendum with the Corporation of the District of Salmon Arm to a written hearing process pursuant to the Regulatory Agenda appended to the Order.

G-29-03 TERASEN GAS

Ordered that a Workshop and Pre-hearing Conference be held on May 15, 2003 in Vancouver to review the Application for approval of a Multi-Year Performance-Based Rate Plan for 2004-2008 and to discuss procedural matters for the Negotiated Settlement Process. A proposed timetable was established and appended to the Order.

G-30-03 VIEC

Ordered that an Oral Public Hearing commencing June 16, 2003, be held in Nanaimo regarding the Application for a CPCN for the Vancouver Island Generation Project. A Regulatory Agenda and Timetable were established and appended to the Order.

G-31-03 STARGAS

Approved an increase in the Gas Cost Recovery Charge of $1.474/GJ from $8.610/GJ to $10.084/GJ, effective April 1, 2003.

G-32-03 PLP

Approved 2003/04 Revenue Requirements and Pass-through of decreased Power Purchase Costs pursuant to Sections 58, 61, 89 and 91 of the Act with permanent increases in service charges of 2.6784 percent and in access charges of 4.922 percent, effective April 1, 2003. Customers are to be refunded the difference between the interim and permanent rates with interest and the results of the

refund reported to the Commission. Revised Electric Tariff pages are to be filed.

G-33-03 TERASEN GAS

Approved Amended and Restated Bypass Transportation Agreements as Rate Schedule 22A Tariff Supplements, and the cancellation of predecessor Tariff Supplements, effective November 1, 1993, for the following customers:

- Canadian Forest Products ltd. (Prince George Pulp) - Tariff Supplement G-5
- West Fraser Mills - Tariff Supplement G-6
- Canadian Forest Products (Northwood Pulp) - Tariff Supplement G-7
- Cariboo Pulp Company - Tariff Supplement G-8
- Husky Oil Operations Limited - Tariff Supplement G-9
- Tembec Industries Inc. (Chetwynd Division) - Tariff Supplement G-13

G-34-03 TERASEN INC.

Denied the application for approval of sharing reduced tax savings between Terasen Inc. and Terasen Gas. Reasons for Decision were appended to the Order.

G-35-03 BCUC

Public utilities are ordered to pay to the BCUC a fixed levy of $0.00820287 per GJ equivalent to energy sold for the calendar year 2002, commencing April 1, 2003. Also, pursuant to Levy Regulation 283/88 and Letter No. L-39-96, upstream natural gas processors and intraprovincial oil pipelines are each ordered to pay $1,000 for the fiscal year commencing April 1, 2003.

G-36-03 TERASEN GAS

Approved the December 15, 1985 Pipeline Agreement with Esso Resources Canada Limited as a Terasen Gas Tariff Supplement effective for the period November 1, 1993 to January 1, 2003 and the cancellation of the Tariff Supplement effective January 1, 2003. Approved the Amended and Restated Pipeline Agreement with Fording Coal Ltd. as a Terasen Gas Tariff Supplement effective January 1, 2003.

G-37-03 AQUILA

Approved the May 16, 2000 Wholesale Transmission Service Agreement between Aquila and BC Hydro for the transmission of power from Aquila's South Slocan Generating Station to Aquila's Princeton substation during off peak hours for the period May 20, 2003 to July 31, 2003.

G-38-03 TERASEN GAS

Established a Regulatory Timetable for the review of the Terasen Application of approval of a Multi-Year Performance-Based Rate Plan to set rates for 2004-2008.

G-39-03 PLP

Approved the Revised Application for an Accounting Exemption Order regarding its Pension Plan effective for its March 31, 2003 financial statements.

G-40-03 TERASEN GAS

Established a timetable for written submissions on the Applications for Approval of Operating Agreements and Addenda with the Corporations of the District of Salmon Arm and the City of Penticton.

G-41-03 BC HYDRO

Approved the decommissioning of the Coursier Dam near Revelstoke, pursuant to Section 41 of the Act, with a report to be filed upon project completion, summarizing the costs and their accounting treatment.

G-42-03 TGVI/CENTRA GAS

Approved the following with respect to the 2002 Cost of Service Allocation Study, 2002 Rate Design Application and Application for Approval of Amending Agreements:

- Approved as permanent the core customer class segmentation and core customer rates proposed by Centra in its September 2002 Rate Design Application, effective January 1, 2003.

- Approved a permanent rate for Firm Transportation ("FT") service of $1.074/GJ, effective January 1, 2003. For the interim period between the Island Cogeneration Plant's ("ICP") Commercial Operation Date of April 12, 2002 and December 31, 2002, the Commission approved the interim ICP FT rate as permanent.

- Approved a permanent summer Interruptible Transportation ("IT") rate of $1.074/GJ, equal to the approved FT rate, effective January 1, 2003. The Commission approved a permanent winter IT rate of $1.492/GJ, equal to the approved FT rate at a 72 percent load factor, effective January 1, 2003. The Commission approved the interim ICP IT rate as permanent for the period prior to January 1, 2003.

- Approved the Amending Agreements.

- The Commission determined that it would allow Centra to recover $700,000 of its COSA and rate design costs, to be allocated as a general cost in rates, amortized over three years beginning in 2003.

G-43-03 BC HYDRO

Ordered that the regulatory timetable regarding a Heritage Contract for BC Hydro's Existing Generation Resources and Stepped Rates and Transmission Access appended to Order No. G-23-03 be supplemented by circulating a discussion document identifying potential areas of agreement from the May 27, June 3 and 4, 2003 meetings. The participants were to meet to review the document and a revised document incorporating their views would then be circulated to all Intervenors. The Intervenors and BC Hydro were to each provide their submissions to the revised document, all of which would be reviewed at a Pre-hearing Conference to be held on July 7, 2003.

G-44-03 OPEIU

Ordered that both the December 19, 2002 Application regarding BC Hydro Proposed Divestment and the April 9, 2003 request for adjournment of the Application are denied.

Reasons for Decision were appended to the Order.

G-45-03 TERASEN SQUAMISH

Approved decreases in rates to LGS, CRR and ACR-1 customers effective July 1, 2003 ranging from 9.75 percent to 9.81 percent.

G-46-03 PLP

Established a written public hearing process for approval of an Application for Tariff changes to Electric Tariff B.C.U.C. No. 5.

G-47-03 TOBY CREEK

Approved the utility's application to dispose of propane gas distribution assets to Terasen Multi-Utility Services Inc. at Panorama Mountain Village and to be relieved of its responsibilities under its CPCN, effective July 1, 2003.

G-48-03 TERASEN WHISTLER

Approved an increase to Rate Rider A to $2.49 per GJ, effective August 1, 2003.

G-49-03 AQUILA

Approved amendments to Rate Schedule 90 - Energy Management Service that provides LED Christmas Lights at no cost to a number of high-profile municipal customers, costing the Utility approximately $70,000 for the DSM initiative.

G-50-03 PLP

Approved the renewal and replacement of the utility's existing bank financing agreement with the Canadian Imperial Bank of Commerce dated July 9, 2003, in accordance with the Business Credit Agreement of that same date.

G-51-03 TERASEN GAS

Approved the Settlement Agreement for a 2004-2007 Performance-Based Rate Plan as appended to the Order. The utility was to provide a plan for the separation of Terasen Inc. pensions, salaries and expenses by October 31, 2003, in accordance with the 2003 Revenue Requirements. Any concerns regarding the Terasen Gas Code of Conduct, Transfer Pricing Policy, and Website were to be

pursued by way of the Customer Advisory Council or by the complaint process pursuant to Section 83 of the Act.

G-53-03 BC HYDRO

Approved the cancellation of Electric Tariff Supplement No. 1 with the City of New Westminster retroactive to January 1, 2003.

G-54-03 ICBC

Ordered that the 2004 Revenue Requirements Application be examined in a written public hearing process as set forth in the Regulatory Agenda and Timetable appended to the Order.

G-55-03 BC HYDRO

Ordered that the March 12, 2003 Application by the Vancouver Island Energy Corporation (a wholly-owned subsidiary of BC Hydro) for a CPCN for the Vancouver Island Generation Project be denied for the reasons as set out in the Decision issued concurrently with the Order.

G-56-03 PLP

Approved all applied-for revisions and increases to the Service and Extension Charges included in the Tariff Changes Application No. 03-04, and approved a new commercial rate class to be called "General Service Seasonal Rates, Schedule CSXGS", which is to be added to the present Tariff, all effective September 1, 2003.

G-57-03 TERASEN GAS

Approved an increase of $6.1 million in the deferral account for the Implementation Phase of the Commercial Commodity Unbundling Program, for a total approved deferral account of $7,150,000. The appropriate recovery period and cost allocation for the deferral account will be decided by way of a further Order.

G-58-03 TERASEN GAS

Approved a revision to the Buy/Sell Reference Price Methodology for the period November 1, 2003 to October 31, 2004.

G-59-03 TERASEN GAS

Approved amendments to the Buy/Sell Mechanism effective July 1, 2003 and the cancellation of the Buy/Sell Mechanism effective November 1, 2004.

G-60-03 MONTENAY INC. AND THE GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Approved an exemption from Part 3 of the Act, except Section 22, with respect to the sale of electricity from the Seegen Turbogenerator Project produced at the Greater Vancouver Sewerage and Drainage District Incinerator in Burnaby, pursuant to Section 88(3) of the Act and Order in Council No. 0860, 2003.

G-61-03 PNG

Ordered PNG-West to file amended Gas Tariff Rate Schedules to permit a recovery by customers of $0.50/GJ in the GCVA Rate Rider effective with consumption on and after October 1, 2003.

G-62-03 PNG (N.E.)

Ordered the utility to file amended Gas Tariff Rate Schedules for the Fort St. John/Dawson Creek division, eliminating the $0.50/GJ GCVA debit rate rider effective with consumption on and after October 1, 2003.

G-63-03 TERASEN GAS

Approved the utility's application to increase the Revelstoke propane reference price to $0.2358 per litre and to increase Revelstoke propane commodity rates to all customers by $0.758/GJ, effective October 1, 2003, pursuant to Section 61(4) of the Act.

G-64-03 WILLIAMS ENERGY (CANADA) INC.

Rescinded Order No. G-13-01 granting an exemption for the West Stoddart facilities from Part 3 of the Act other than Sections 24 and 25.

G-65-03 TGVI

Approved for TGVI to fix the cost of $65 million of floating rate debt for a 5-year term commencing on or before November 3, 2003 at an all-in rate not to exceed 5.50 percent, pursuant to Section 50 of the Act. The utility is to provide the final terms of the interest rate swaps approved by this Order.

G-66-03 TERASEN GAS

Ordered that the 2003 Annual Review of the utility's 2004 Revenue Requirements material be held on November 21, 2003 in Vancouver, BC.

G-67-03 TERASEN GAS

Approved continuation of the 2002/03 Gas Supply Mitigation Incentive Program that was attached as Appendix A to Order No. G-79-02, for the gas contract year from November 1, 2003 through October 31, 2004.

G-68-03 TERASEN GAS

Established a written public hearing process to review the 2004 Revenue Requirements Application for the Fort Nelson service area.

G-69-03 TGVI

Approved a non-rate base deferral account to record up to $945,000 of preliminary investigation expenditures from October 2003 through January 2004 for the development of a gas supply strategy to serve thermal generation on Vancouver Island, with the prudency of the expenditures and the disposition of the amount in the deferral account to be determined at a future time.

G-70-03 TGVI

Approved the Amending Agreement dated September 30, 2003 that extends the Transportation Service Agreement, Peaking Agreement, Capacity Assignment Agreement and the Compressor Facility Agreement between TGVI, Terasen Gas and BC Hydro by one year to October 31, 2004.

G-71-03 TRICOR ACQUISITION (STP) INC.

Approved the acquisition of a reviewable interested in PNG and PNG (NE) by Tricor pursuant to Section 54 of the Act. See also Orders No. G-72-03 and G-73-03.

G-72-03 PNG

Approved the registration of a transfer of the common shares of PNG to Tricor Acquisition (STP) Inc. pursuant to Section 50(3)(a)(v) of the Act. See also Orders No. G-71-03 and G-73-03.

G-73-03 PNG

Approved the combining of PNG's Class A non-voting and Class B voting common shares into one class of common shares with one vote per share, pursuant to Section 50(3)(a)(v) of the Act. See also Orders No. G-71-03 and G-72-03.

G-74-03 TERASEN GAS

Approved the Rate Schedule 25 Tariff Supplement Service Agreement with Imperial Oil for firm transportation service to its Port Moody storage facility, effective November 1, 2003.

G-75-03 ICBC

Issued the Commission's Decision on the 2004 Revenue Requirements and Rates for Universal Compulsory Automobile Insurance, and ordered the following:

- The requested amendment to Basic insurance premium rate schedules to increase rates by 1.3 percent for contracts effective on and after January 1, 2004 was not approved.
- The amendment to Basic Insurance premium rate schedules to increase rates, for contracts effective on and after January 1, 2004, by 0.4 percent to flow-through the increase in premium tax, effective January 1, 2004, was approved.

G-76-03 AQUILA

Approved amendments to Rate Schedule 90 - Energy Management Service providing for Demand-Side Management Programs for customers in Aquila's service areas.

G-77-03 TERASEN WHISTLER

Approved as interim the existing Terasen Gas Whistler rates effective January 1, 2004, and established a negotiated settlement process to review the 2004 and 2005 Revenue Requirements.

G-78-03 BC HYDRO

Established a written public hearing process to review the Net Metering Rate Schedule 1289 Application.

G-79-03 AQUILA

Established a pre-hearing conference for the 2004 Revenue Requirements Application to solicit input from all participants as to a) the proposed regulatory process to deal with the Application; b) the request for a 3.4 percent interim refundable rate increase; c) the request for a variance from Generally Accepted Accounting Principles; and d) the request for deferral accounts.

G-80-03 TERASEN GAS

Approved, pursuant to Sections 58, 60 and 61 of the Act, the following:

- Accepted Terasen Gas' 2004 volume and revenue forecast as filed.
- The Commission considered that the allocation of the 2004 Terasen Gas revenue deficiency should be in accordance with the recent Terasen Gas rate design decision. Accordingly, the request by Inland Industrials for a Commission direction to Terasen Gas to file a cost of service study to examine the continued appropriateness of the current cost allocation methodology was denied. The request for applied for rates to be made interim was also denied.
- The Commission was satisfied with the cost allocation as contained in the Separation Study.
- Approved the increase in delivery rates by 4.30 percent effective January 1, 2004, as filed in the Application to recover the 2004 revenue deficiency of $19.15 million.
- Approved the cancellation of the ten-month rider that was established by Commission Order No. G-7-03 effective January 1, 2004. This rider recovered the foregone January/February 2003 rate increase over the remaining the months of 2003.
- The increase to the RSAM rider by $0.061/GJ from the current $0.134/GJ to $0.195/GJ was approved effective January 1, 2004.
- The request to increase the property tax incentive included in the Settlement Agreement from 10 percent to 25 percent was denied.
- The Utility Asset Utilization Incentive was denied.
- The request of an incentive for pension and insurance costs similar to the property tax incentive mechanism was denied.

G-81-03 TGVI

Approved, pursuant to Sections 23, 60 and 61 of the Act, the following:

- The 2002 actual revenue requirements as filed in the Application and a 2002 revenue deficiency of $2,873,609 with a cumulative balance in the Revenue Deficiency Deferral Account of $87,910,503 at the end of 2002.
- The creation of an Apartment Rate Class, AGS, to replace the existing ACR-2 rate class that expires on December 31, 2003 as required by the Special Direction.
- The rates effective January 1, 2004 for RGS, AGS, LCS-1, LCS-2, LCS-3, LCS-13, HLF, Firm Transportation and Interruptible Transportation classes as proposed in the Application, subject to TGVI filing corresponding Gas Tariff pages in a timely manner.
- The 2004 capitalization of OM&A of $5,028,115.

- The 2004 Royalty Adjusted unit cost of gas of $3.753/GJ is accepted based on a sales forecast of 11.4 PJ.

- The incremental OM&A costs of the Sooke extension are approved as forecast in the Sooke CPCN Application.

G-82-03 TERASEN GAS

Approved the flow-through reductions to Gas Cost Recovery Charges and GCRA Riders effective January 1, 2004.

G-83-03 SUN PEAKS

Accepted the following pursuant to Sections 71 and 61(4) of the Act:

- The Revised Modification Agreement dated August 31, 2003 extending the Propane Supply Agreement dated August 31, 2001 between MP Energy Partnership and Terasen Utility Services Inc. for the supply of liquid propane.

- A Gas Commodity Charge - Propane of $9.92/GJ effective January 5, 2004.

- A Gas Commodity Charge - GCRA of $0.89/GJ effective January 5, 2004.

G-84-03 BC HYDRO

Established a January 2004 pre-hearing conference and workshop in Vancouver to address procedural matters relating to the 2004/05 and 2005/06 Revenue Requirements Application.

G-85-03 PNG

Established a January 2004 pre-hearing conference and workshop in Vancouver to address procedural matters relating to the review of the 2004 Revenue Requirements Application.

Approved an interim rate increase, as filed, effective January 1, 2004, subject to refund with interest.

G-86-03 PNG (NE)

Established a written public hearing process for the review of the 2004 Revenue Requirements Application for the Fort St. John/Dawson Creek and Tumbler Ridge Divisions. Approved interim rate changes effective January 1, 2004 in the delivery rates and permanent rate changes in the Gas Supply Charge and GCVA rider for all classes of customers except that the permanent Gas Supply Charge for the Tumbler Ridge Division will be $5.593/GJ effective January 1, 2004. The difference between the 2004 interim and permanent delivery rate is subject to refund with interest at the average prime rate of PNG (NE)'s principal bank.

G-87-03 TGVI [FORMERLY CENTRA GAS (BC)]

Allowed BC Hydro's application for reconsideration and variance parts of the Commission's June 5, 2003 Decision into the Centra Gas (BC) 2002 Rate Design Application. Reasons for Decision were attached.

G-88-03 TGVI

Allowed the application for reconsideration and variance of one part of the Commission's June 5, 2003 Decision into the 2002 Rate Design Application. Reasons for Decision were attached.

G-89-03 TERASEN GAS

Approved amendments to the Gas Tariff including General Terms and Conditions of Service and Rate Schedules to reflect the change in company name from BC Gas Utility Ltd. as well as other minor housekeeping changes.

G-90-03 TERASEN GAS

Approved pursuant to Section 71.1(10) of the Act, the Rules for Gas Marketers effective January 1, 2004. Accepted the October 27, 2003 Commodity Unbundling Application and Revisions and Addendum and approved the following pursuant to Section 61 of the Act:

2.1 Effective January 1, 2004, Rate Schedule 36 for Commodity Unbundling Service including: Transaction Notification, Table of Charges, Notice of Appointment of Marketer and Service Agreement.

2.2 Effective January 1, 2004, applicable sections of Terasen Gas' General Terms and Conditions.

2.3 Effective January 1, 2004, the Code of Conduct for Gas Marketers.

2.4 Directed Terasen Gas to revise Articles 17 and 29 of the Code of Conduct for Gas Marketers.

2.5 Effective April 1, 2004, format for Rate Schedule 2U and 3U.

2.6 Effective April 1, 2004, format of Stable Commodity Rate Schedule (1S) and the Stable Commodity Rate Agreement were approved for calendar year 2005. The continuation of Stable Commodity Rate (1S) will be re-evaluated by the Commission in the event that commodity unbundling service is made available to the residential class.

2.7 Effective April 1, 2004, format for the Table of Charges for the Rate Schedules (1,2,3,4,5,6,6A and 7).

3. The Commission endorsed the Customer Education Plan.

G-91-03 AQUILA

Approved an interim rate increase of 3.6 percent, effective January 1, 2004, subject to refund with interest calculated for the refund period at the average prime rate of the principal bank with which Aquila conducts its business as filed in the Preliminary 2004 Revenue Requirements Application.

G-1-04 BCTC

Approved the following:

- The immediate establishment of a System Control Modernization Study ("SCMS") Deferral Account for Definition Phase costs not to exceed $2.0 million

- The recovery of the balance of the SCMS Deferral Account in the event that the Project is not approved for construction or is not built for some other reason, subject to the prudency review provided for in the Order.

- The capitalization of the balance of the SCMS Deferral Account along with other Project costs in the event that a Certificate of Public Convenience and Necessity is granted for the Project, subject to the prudency review provided for in the Order.

The actual balances recorded in the SCMS Deferral Account will bear interest at the average prime rate of the principal bank with which BCTC conducts its business.

The Commission will make a determination with respect to prudency of the actual Definition Phase costs and the subsequent recovery, if any, of these costs in rates, at a later date.

G-2-04 AQUILA

Approved the variance from Generally Accepted Accounting Principles to treat the lease obligation for the Brilliant Terminal Station agreement as an operating agreement rather than a capital lease. Approved the establishment of a deferral account for the Brilliant Terminal Station Expense for 2003 and the recording of $1.086 million in lease and operating costs therein. These costs will be examined for prudency during the 2004 revenue requirements review process and their recovery in rates, if any, will be determined at that time.

G-3-04 THE CORPORATION OF THE CITY OF NELSON

Approved the City Electrical Utility Amendment By-Law No. 2997, 2004 incorporating a 2.50 percent rate increase to all customers, effective January 1, 2004.

The City will return all customers any excess revenue recovered between its rates and the final rates approved by the Commission for its electrical supplier, Aquila Networks Canada (British Columbia) Ltd., and will provide the Commission with a final certified copy of the By-Law following all approvals.

G-4-04 TERASEN GAS

Approved the December 9, 2003 Lease-In-Lease-Out arrangements with the City of Nelson establishing the mode of regulation under which the Terasen Gas rates will be set to take these arrangements into

account. The new arrangements replaced the existing Terasen Gas Franchise Agreement, which has been in place since 1980, and which provides an option for the City to "buy-out" the existing natural gas distribution system within the City's boundary in the event that the parties cannot agree on the terms of a franchise renewal.

G-5-04 PLP

Approved, pursuant to Section 50 of the Act, the amendment of the July 9, 2003 Business Credit Agreement with the Canadian Imperial Bank of Commerce to provide for a $150,000 Irrevocable Letter of Credit.

G-6-04 AQUILA

Order establishing a 2003 Annual Review in Penticton of the preliminary 2004 Revenue Requirements Application and a Negotiated Settlement Process to determine rates for 2004. A Regulatory Timetable was attached as Appendix A.

G-7-04 BC HYDRO

Order establishing a public hearing commencing May 17, 2004 in Vancouver into the 2004/05 and 2005/06 Revenue Requirements Application and the BCTC deferral account application. A Regulatory Timetable was attached as Appendix A.

G-8-04 BC HYDRO

Approved a 7.23 percent interim rate increase, effective April 1, 2004 subject to refund with interest, in the revenue requirement and a reduction in certain wholesale transmission service rates, pursuant to Section 89 of the Act. See Order No. G-7-03 that established an oral public hearing for the review of the 2004-05 and 2005-06 revenue requirements application and BCTC's deferral account application.

G-9-04 BC HYDRO

Amended the schedule for filing of Intervenor Argument and BC Hydro's Reply Argument in the application for a reconsideration of the June 5, 2003 Decision in the matter of Centra Gas British Columbia Inc. 2002 Rate Design Application.

G-10-04 PLP

Approved a 3.6 percent interim rate increase to the energy component of rates for all customers, subject to refund with interest calculated at the average prime rate of the principal bank with which PLP conducts it business, effective January 1, 2004, pursuant to Section 61(4) of the Act. The final rate determination will be made by way of a future Commission Order following the Commission's Decision on Aquila's 2004 Revenue Requirements.

G-11-04 TERASEN GAS

Approved the issuance of up to $700 million Medium Term Note Debentures from time-to-time, effective from January 26, 2004 until the end of December 2005, pursuant to Section 50(2) of the Act. The Utility is to file with the Commission, within one week of issue, a pricing supplement for each Medium Term Note Debenture issued.

G-12-04 PNG

Ordered an oral public hearing to commence March 23, 2004 in Terrace regarding the PNG 2004 Revenue Requirements Application to amend 2004 rates. The utility is to file its Income Trust Application by the end of January 2004. The Regulatory Timetable was attached as Appendix A to the Order.

G-13-04 TERASEN GAS

Ordered that the cost allocation Application for Commodity Unbundling and Customer Choice Phase I be examined in a written public hearing, with the Regulatory Timetable attached as Appendix A to the Order.

G-14-04 TERASEN WHISTLER

Approved the 2004 and 2005 Revenue Requirements Application Negotiated Settlement Agreement (attached as Appendix A to the Order), which included a basic monthly charge of $7.50 for 2004 and 2005, a propane commodity charge increase from $12.522 to $14.225 and a Rider "A" rate decrease from $2.493/GJ to $0.376/GJ, both effective January 1, 2004. Also included is a propane commodity charge decrease from $14.255 to $13.855 and a Rider "A" rate decrease from $0.376 to zero, both effective January 1, 2005.

Any overpayment in rates must be refunded with interest calculated at the prime rate of the principal bank with which the utility conducts its business, and a permanent Gas Tariff Rate Schedule must be filed in accordance with the terms of the Negotiated Settlement Agreement and the Order.

G-15-04 BCUC

Approved amended Participant Assistance/Cost Award Guidelines, attached as Appendix A to the Order, effective immediately.

G-16-04 TERASEN GAS

Approved the December 19, 2003 Application for the elimination of Non-Emergency Burner Tip Service, effective February 5, 2004.

G-17-04 TERASEN FORT NELSON

Approved for 2004 an increase of approximately $49,000 in revenue requirements as detailed in the Reasons for Decision attached as Appendix A to the Order. The Commission will accept, subject to timely filing by the Utility, amended Gas Tariff Rate Schedules in accordance with the terms of the Order and the Reasons for Decision.

G-18-04 AQUILA

Ordered a written public hearing process to review the applications by Fortis Pacific Holdings Inc. to acquire a reviewable interest in Aquila and by Aquila to register a transfer of its Common Shares to Fortis Pacific Holdings Inc. The process may be suspended, adjusted or expanded depending upon the nature and level of interest expressed. The Order outlined the process to be followed and included a Regulatory Timetable.

G-19-04 TERASEN GAS

Approved a Net Core Market Administration Expense of $1.6 million for 2004, with the utility directed to file an application with respect to the Core Market Administration Expense for 2005 for consideration in the 2004 Annual Review.

G-20-04 TERASEN GAS

Approved the termination of the following Agreements with Terasen Sumas Inc. to be effective as of the closing date of the Sales Agreement dated November 11, 2003 with Northwest Pipelines Corporation:

- Firm Transportation Agreement
- Interconnect Delivery Service
- Cost of Service Agreement

G-21-04 PNG

Ordered that the Regulatory Timetable established by Commission Order No. G-12-04 be suspended and a revised Regulatory Timetable be issued in due course for the review of the PNG 2004 Revenue Requirements Application and the application to recapitalize the utility under an Income Trust Ownership Structure.

G-22-04 PNG

Ordered an oral public hearing to commence March 31, 2004 in Terrace into PNG's 2004 Revenue Requirements Application followed by the resumption of the hearing in Vancouver on April 13, 2004 to complete that Application and the Income Trust Application. The revised Regulatory Timetable was attached as Appendix A to the Order.

G-23-04 ICBC

Ordered that submissions relating to Performance Measures and Basic Insurance Information Sharing be examined in accordance with the Regulatory Agenda and Timetable, as appended to the Order.

G-24-04 AQUILA

Approved the issuance of up to 300,000 $100 par value shares to Aquila Networks Canada Ltd. for a total consideration of $30,000,000 subject to a resolution of the Board of Directors of Aquila approving the share issue.

G-25-04 TERASEN GAS

Approved the January 16, 2004 Cost Allocation Application for Commodity Unbundling and Customer Choice Phase 1 and the requests contained in the February 11, 2004 response to Information Requests. Reasons for Decision were issued and attached as Appendix A to the Order.

G-26-04 BC HYDRO

Approved the Net Metering Tariff - Rate Schedule 1289 and issued Reasons for Decision attached as Appendix A to the Order.

G-27-04 TERASEN SQUAMISH

Approved the recovery of 2003 restructuring costs as a $23,000 charge to operating, maintenance and administrative expenses and the deferral of $42,000 in a rate base deferral account for inclusion in the 2004 operating, maintenance and administrative expenses, pursuant to the Squamish Rate Stabilization Agreement and subject to the Ministry of Employment and Investment reserving the right for a prudency review of the 2004 deferred costs.

G-28-04 BCUC

Cancelled Commission Order No. G-133-99 regarding the Application Requirements for Certificates of Public Convenience and Necessity. (See Letter No. L-18-04 for new CPCN Requirements.)

G-29-04 TERASEN SQUAMISH

Approved increases in rates to the Small General Service, Large General Service, Competitive Range Rates and Apartment Customer Rates, effective April 1, 2004, under the terms of the Vancouver Island Natural Gas Pipeline Act ranging from 7.06 percent to 7.26 percent.

G-30-04 PLP

Established a written public hearing process for review of the 2004/05 Revenue Requirements Application seeking approval of permanent increases in its Service and Energy charges and an interim increase in its Access Charge. The Order established a Regulatory Timetable and approved the requested increase on an interim basis, subject to refund with interest based on the subsequent Commission determinations.

G-31-04 TERASEN GAS

Approved December 1, 2003 Rate Schedule 25 Agreement with the Greater Vancouver Regional District Wastewater Treatment Plant, Annacis Island, as Tariff Supplement No. E-12, effective November 1, 2003.

Approved the cancellation of Tariff Supplement No. D-7, approved by Order No. G-108-99, effective November 1, 2003.

G-32-04 PNG AND PNG (N.E.)

Directed PNG-West and PNG (NE) to file amended Gas Tariff Rate Schedules that will permit a recovery from customers of natural gas costs pursuant to the March 15, 2004 natural gas Forward Strip prices, using rates effective April 1, 2004.

Certificates of Public Convenience and Necessity

C-3-03 AQUILA / BC HYDRO

Approved a CPCN for the South Okanagan Supply Reinforcement Project and the Vaseux Lake Terminal Station Agreement (including the Facilities Transfer Agreement), the Amended General Wheeling Agreement, the Amended Power Purchase Agreement and the South Okanagan Supply Reinforcement Project Letter Agreement between Aquila and BC Hydro.

BC Hydro is to amend Rate Schedule 3817 to incorporate the Wheeling rate set out in the South Okanagan Supply Reinforcement Project Letter Agreement when the Vaseux Lake Terminal Station goes into service. Final cost estimates, monthly progress reports and the Environmental Management Plan must be filed and a final Project report filed after circuit energization.

C-4-03 TERASEN GAS (BC GAS)

Approved Transmission Pipeline Integrity Plan Expenditures for 2003 estimated to cost $8.742 million.

Within 60 days of the end of each calendar year, BC Gas will file a Report on the Transmission Pipeline Integrity Plan activities.

C-5-03 TERASEN GAS

Approved a further one-year extension of CPCN No. C-20-80 and the continuation of the payment of the 3 percent franchise fee to the District of Chetwynd to June 30, 2004.

C-6-03 TMUS

Granted a CPCN to acquire and operate the propane gas distribution system at Panorama from Toby Creek at the net book value of the assets, effective July 1, 2003.

Approved the rates and Tariff Terms and Conditions for the Panorama Division that are identical to those existing for Toby Creek under Order No. G-39-02, effective July 1, 2003.

C-7-03 TERASEN GAS

Granted a CPCN, expiring 21 years from the 1st day of January, 2003 based on the January 1, 2003 Operating Agreement and Addendum with the Corporation of the District of Salmon Arm.

C-8-03 TERASEN GAS

Granted a CPCN, expiring 21 years from January 1, 2003 based on the December 20, 2002 Operating Agreement and Addendum with the Corporation of the City of Penticton.

C-9-03 AQUILA

Issued a CPCN to rebuild Unit No. 5 Headgate at the Upper Bonnington Hydroelectric Generating Plant for an estimated cost of $813,000. The utility is to file a final report and cost summary following Project completion.

C-10-03 TERASEN GAS

Approved an extension to the expiry date of the Operating Agreement with the District of 100 Mile House and the continuation of the payment of franchise fees to the District to June 30, 2004, or 60 days after the Commission's approval of a new Operating Agreement between BC Gas and the District, whichever is earlier.

C-11-03 TERASEN GAS

Approved a further extension to the expiry date of the CPCN and Schedules "A" and "B" issued by Order No. G-39-80 to June 30, 2004 for the provision of natural gas service in the City of Prince George.

C-12-03 TERASEN GAS

Approved the Franchise Amendment Agreement with the City of Vernon and issued a CPCN for the provision of natural gas service in the City to November 30, 2019.

C-13-03 TERASEN GAS

Extended the expiry date of the Operating Agreement with the District of Hudson's Hope and the continuation of the payment of franchise fees to the District to June 30, 2004, or 60 days after the Commission's approval of a new Operating Agreement between Terasen Gas and the District, whichever is earlier.

C-14-03 TERASEN GAS

Issued a CPCN which shall expire December 31, 2023 based on the January 1, 2003 Operating Agreement and Addendum with the Corporation of the District of Summerland.

C-15-03 TERASEN GAS

Issued a CPCN which shall expire December 31, 2023 based on the January 21, 2003 Operating Agreement and Addendum with the Corporation of the City of Merritt.

C-16-03 TERASEN GAS

Issued a CPCN which shall expire December 31, 2023 based on the January 1, 2003 Operating Agreement and Addendum with the Corporation of the City of Quesnel.

C-17-03 AQUILA

Issued a CPCN for the Upper Bonnington Hydroelectric Generating Plant Unit No. 6 Life Extension Project, at an estimated project cost of $11,570,000.

C-1-04 AQUILA

Approved the Kelowna Area Upgrade project. The utility is to provide a project management plan before the start of construction, bi-monthly project progress reports and a final report explaining variances greater than 10 percent of the Project's estimated budget.

Agents/Brokers/Marketers Licences

A-1-03 PREMSTAR PACIFIC

Issued an Agents/Brokers/Marketers Licence for the period November 1, 2003 to October 31, 2004, with the termination date coinciding with that of the Buy/Sell Mechanism that will be replaced with Terasen Gas Inc.'s Commercial Unbundling Program commencing November 1, 2004. The licence is subject to the following conditions:

- Licence is restricted to activities involving customers of Terasen Gas Inc.
- Utility will carry out the undertakings set out in Section 19 of its August 28, 2003 Application

Other Orders

Energy Supply Contracts

E-2-03	BC Gas	Natural Gas Storage Agreements and Amendments with Unocal Canada Limited, Puget Sound Energy Inc., and Centra Gas British Columbia Inc.
E-3-03	Terasen Gas & TGVI	Natural Gas Storage Agreements
E-4-03	TGVI	Pricing Amendments to a Baseload Natural Gas Purchase Agreement
E-5-03	TGVI	Natural Gas Storage Agreement
E-6-03	PNG & PNG & PNG (N.E.)	Energy Management Services Agreement with Terasen Gas Inc.
E-7-03	TGVI	Natural Gas Supply Agreements for the 2003/04 Gas Contract Year
E-8-03	Port Alice Gas	Propane Gas Supply Contract Extension
E-9-03	TGI	Natural Gas Supply Contracts and Amendments for the 2003/04 Gas Contract Year
E-10-03	BC Hydro	Electricity Purchase Agreements between BC Hydro and Pacific Cascade Hydro, Maxim Power Corp. (for Vancouver Landfill Gas Utilization project and for Hartland Landfill project), Raging River Power and Mining Inc., Canadian Hydro Developers Inc. & Pingston Creek LP, RFP Power Ltd., Montenay Inc., Rockford Energy Corp., and Furry Creek Power Ltd.
E-1-04	BC Hydro	Electricity Purchase Agreements and Amending Agreements with Renewable Power Corporation, Synex Energy Resources, Rutherford Creek Power Ltd., Canadian Hydro Developers Inc., RFP Power Ltd. and Furry Creek Power Ltd.

Participant Assistance/Cost Awards

F-3-03	PNG	2003 Revenue Requirements - $12,897.11
F-4-03	PNG (N.E.)	2003 Revenue Requirements - $5,602.46
F-5-03	Aquila	South Okanagan Supply Reinforcement Project - $4,392.81
F-6-03	Aquila	2002 Annual Review and 2003 Revenue Requirements - $13,640.00
F-7-03	TGVI/ Centra Gas (BC)	1999 to 2001 Revenue Deficiencies, 2003 to 2005 Revenue Requirements (Phase 1), Rate Design and 2003 Rates (Phase 2) - $81,518.27
F-8-03	BC Hydro	Inquiry into the Heritage Contract for BC Hydro's Existing Generation Resources, Stepped Rates and Transmission Access - $47,488.14

PARTICIPANT ASSISTANCE/COST AWARDS (CONTINUED)

F-9-03	Terasen Gas	2004-2007 Revenue Requirements Negotiated Settlement - $37,270.57
F-10-03	VIEC	Certificate of Public Convenience and Necessity Application for the Vancouver Island Generation Project - $193,341.02
F-11-03	ICBC	2004 Revenue Requirements and Rates for Universal Compulsory Automobile Insurance - $12,195.57
F-12-03	BC Hydro	Heritage Contract and Existing Generation Resources, Stepped Rates and Transmission Access - $452,511.86
F-1-04	TGVI	2003 Annual Review - $2,856.70

PETROLEUM

P-2-03	Plateau	Approval of Tolls - Sunset Prairie Crude Oil Pipeline
P-3-03	Plateau	Approval of 2004 Tolls for the Northeast BC and Blueberry Crude Oil Pipelines
P-1-04	TP(JF)	Approval of 2003 and 2004 Tolls on the Jet Fuel Pipeline

Commission Letters

L-14-03 TERASEN GAS

Approved a deferral account for the Commodity Unbundling and Customer Choice in the amount of $1,050,000 to continue work on the design and approval stage of Commodity Unbundling.

L-15-03 TGVI

Approved an extension for filing the 2002 Annual Report for the Lower Mainland, Inland and Columbia service areas to May 31, 2003. However as it is required for the review of the Multi-Year Performance Based Rates Application, a full copy of the 2002 Annual Report will be requested if it is not submitted prior to the information request deadline.

L-16-03 AQUILA

Approved an extension to the time to file the 2002 Annual Report to June 30, 2003.

L-18-03 TERASEN GAS

Letter developing a schedule as a follow up to Letter No. L-14-03, to finalize the business model and rules for Phase 1, "Commercial" Unbundling (Commodity Unbundling and Customer Choice) with a Commission Decision to resolve any outstanding business rules. Following the Commission's Decision, the utility will file a report on the next phase of unbundling, seeking approval for funding for Phase 2 activities.

L-19-03 BC HYDRO

Letter relating to that the Heritage Contract Inquiry directing BC Hydro to provide a proposal regarding stepped rates and access principles.

L-21-03 BCUC

Letter to the Regional District of Central Kootenay regarding participant funding for local governments for participation in BCUC proceedings.

L-22-03 BC HYDRO

Approved an exemption from the requirement to file a Certificate of Public Convenience and Necessity pursuant to Order No. G-44-89, for an 80 meter extension to Line No. 1L125 located south of Port McNeil.

L-23-03 TERASEN GAS

Accepted the 2003/04 Gas Contracting Plan, subject to the comments appended to the letter and on the understanding that all individual gas supply contracts and amendments will continue to be filed in a timely fashion pursuant to Section 71 of the Act.

Accepted the Revelstoke propane acquisition strategy as filed April 2, 2003 for the period September 2003 to March 2004.

L-24-03 AQUILA

Letter responding to the utility's request for clarification regarding Order No. C-3-03 and Reasons for Decision in the South Okanagan Supply Reinforcement Project.

L-25-03 TERASEN GAS

Adopted the Business Rules for commodity unbundling with respect to TGI's Commodity Unbundling and Customer Choice and distributed the Business Rules to all interested parties involved in the proceeding.

L-26-03 TERASEN GAS

Approved the utility's 2003-2004 Revelstoke Price Risk Management Plan.

L-27-03 TGVI

Approved the application for deferral account treatment for Vancouver Island thermal generation preliminary survey and investigations costs, up to a limit of $125,000.

L-28-03 TERASEN GAS

Accepted the utility's recommendations in relation to the Second Quarter 2003 Report on gas commodity costs, pursuant to the Guidelines outlined in Letter No. L-5-01, that a rate change is not required at this time.

L-29-03 TERASEN GAS

Letter accepting the utility's recommendation in the Second Quarter 2003 Report - Fort Nelson Service Area - that Gas Cost Recovery Charges and Gas Cost Reconciliation Account riders remain unchanged as of July 1, 2003 due to the volatility of natural gas markets and the GCRA account balance.

L-30-03 TERASEN GAS

Letter accepting the recommendation regarding the Second Quarter 2003 Report, Revelstoke Propane Costs Deferral Account, that propane rates remain unchanged at this time.

L-31-03 PNG & PNG (N.E.)

Letter accepting the recommendation regarding the Second Quarter 2003 Report that the current Gas Supply Charges and Gas Cost Variance Account riders for PNG-West, Granisle and PNG (N.E.) for Fort St. John/Dawson Creek and Tumbler Ridge continue at their present levels effective July 1, 2003. The GCVA riders and gas commodity prices will continue to be monitored and reviewed in PNG's Third Quarter 2003 Report.

L-32-03 TERASEN GAS

Accepted a proposed amendment to the 2003/04 Annual Gas Contracting Plan for the December, 2003 through February, 2004 period.

L-33-03 AQUILA

Approved a requested extension to the filing of the utility's 2002 Annual Report to the Commission to July 21, 2003.

L-34-03 INTRAPROVINCIAL OIL PIPELINES

Letter regarding the regulation of Intraprovincial Oil Pipelines, the three statutes that establish the regulatory framework for the Oil and Gas Commission and the BCUC, updating the reporting requirements for oil pipelines.

L-35-03 TGVI

Accepted a recommendation regarding the Second Quarter 2003 Cost of Gas Report that no rate change should be applied at this time. Commission staff will review the information provided in the report to determine whether it is sufficient to meet the requirements under Order No. G-42-03.

L-36-03 TERASEN SQUAMISH

Reviewed the utility's May 9, 2003 filing of 2002 actual results pursuant to the Squamish Rate Stabilization Agreement and found them reasonable and in accordance with Section 3 of the Squamish RSA, the April 1997 Settlement Agreement and the return on equity allowed the utility by Order No. G-85-98.

L-37-03 BC HYDRO

Directed the utility to prepare an application for a simple net metering tariff in response to BC Hydro's final report on Net Metering in British Columbia as per the Energy Policy's Action #20. The Commission recommended that the utility propose a rate for purchase of net excess generation on a given anniversary date and consult further with interest groups as necessary to develop its proposal in this regard.

Upon implementation of the net metering tariff, the Commission will actively monitor the update of net metering installation and develop as necessary a process to review the success of the net metering tariff, including an assessment of the impacts of net metering in BC on non-participating customers.

L-38-03 TERASEN WHISTLER

Approved the application to direct $45,000 for the purpose of undertaking demand side management studies, with costs accounted for in a deferral account, the disposition of which will be determined during the utility's next revenue requirements proceeding.

L-39-03 PNG

Accepted the Annual Gas Contracting Plan and Price Management Plan for the 2003/04 period for PNG-West, Fort St. John/Dawson Creek, Tumbler Ridge and Granisle, subject to considerations in Appendix A, which directs the utility to file a number of reports to be completed by October 1, 2003. Individual gas supply contracts and amendments are to continue being filed pursuant to Section 71 of the Act.

L-40-03 TGVI

Agreed with the utility's proposed actions regarding the treatment of the Revenue Deficiency Deferral Account Financing, to finance the 2002 revenue deficiency amount ($2.9 million) through the issuance of Class B instruments and to convert 100 percent of existing Class A instruments ($85.0 million) into Class B instruments in accordance with the procedures and terms for such conversions set out in Appendix A to the Special Direction.

L-41-03 AQUILA

Notified the utility that, based on the July 31, 2003 Customer Contact Centre Report, levels of customer service are unacceptable. However, based on Aquila's statement that performance levels will see marked improvement by the fourth quarter of 2003, the Commission will wait on these results before taking action.

L-42-03 BC HYDRO

Approved the resale of Electricity by Canfor to Dollar Saver Lumber as per the application by Canadian Forest Products Ltd., Netherlands Division, Prince George, noting that BC Hydro had no objections to the resale of this electricity pursuant to Section 24 of Canfor's Rate Schedule 1821 Electricity Supply Agreement.

L-43-03 INGA OIL TRANSMISSION PIPELINE

Directed EnerMark Inc. to file the actual results for Inga Oil Transmission Pipeline for 2000, 2001, 2002 and a forecast for 2003 by October 31, 2003.

L-44-03 TERASEN GAS

Accepted TGI's recommendation that the Gas Cost Recovery Charges and Gas Cost Reconciliation Account riders remain unchanged as of October 1, 2003 for the Lower Mainland, Inland and Columbia natural gas divisions.

L-45-03 TERASEN GAS

Letter accepting TGI's recommendation that the Gas Cost Recovery Charges and Gas Cost Reconciliation Account riders remain unchanged as of October 1, 2003 for the Fort Nelson service area.

L-46-03 PNG (N.E.)

Accepted the Utility's recommendation that the current Gas Supply Charges and GCVA rider for PNG (N.E.)'s Tumbler Ridge division continue from October 1 to December 31, 2003.

L-47-03 PNG

Accepted the utility's recommendation that the current Gas Supply Charges and GCVA rider for PNG's Granisle Grid System continue at their present levels effective October 1, 2003.

L-48-03 ICBC

Letter noting that ICBC does not intend to respond to an Intervenor's information request (537 questions) as it was received late and the time required to respond to it would have jeopardized the written hearing schedule established in Order No. G-54-03. The Commission accepted ICBC's determination and the Intervenor's information request was distributed to all other participants in the process for their information.

L-49-03 TGVI

Letter to registered intervenors requesting comments on BC Hydro's Application for Reconsideration of the Commission's June 5, 2003 Decision into Centra Gas (BC)'s 2002 Rate Design Application.

L-50-03 ICBC

Denied the request for a decision embedded in the Office & Professional Employee's International Union's submission of evidence dated October 3, 2003 in regards to ICBC's 2004 Revenue Requirements Application for Universal Compulsory Automobile Insurance.

L-51-03 TGVI

Letter requesting Intervenors to comment on whether there is a reasonable basis for TGVI's application for reconsideration of the June 5, 2003 Decision. TGVI is to respond to all comments by November 7, 2003.

L-52-03 PNG

Letter indicating that the Commission wished to see if stakeholders raise any concerns or issues in PNG's consultation programs regarding Tricor Acquisition (STP) Inc.'s application to acquire a reviewable interest in PNG from Westcoast Energy Inc. before determining whether further procedures for the review of the application would be necessary.

L-53-03 AQUILA

Denied Aquila's application to amend the liability provisions contained in the Electric Tariff Terms and Conditions, Sheet TC18 - Interruptions and Defects in Service. Review of the application was deferred until after the Commission's Decision into the BC Hydro Revenue Requirements application.

L-54-03 TERASEN GAS

Letter to interested parties establishing a Workshop to review the utility's October 27, 2003 Commodity Unbundling Application.

L-55-03 TERASEN GAS

Letter approving the Lease-In/Lease-Out (LILO) arrangements with the City of Kelowna and the City of Vernon. It was noted that TGI will be entering into similar arrangements with other interior municipalities where existing agreements have buyout options. TGI must apply to the Commission for approval to enter into the LILO arrangements and to establish the mode of regulation under which rates will be set to take these arrangements into account.

L-56-03 TERASEN GAS

Accepted proposed changes to gas commodity option and fixed price ranges as meeting the objectives of the 2003/04 Updated Price Risk Management Plan approved by Commission Letter No. L-23-03.

L-57-03 RETURN ON COMMON EQUITY

Letter establishing 9.15 percent as the 2004 return on common equity for a low-risk benchmark utility. Utilities are required to submit an application for approval to vary its rates in line with the 2004 ROE.

L-58-03 BC HYDRO

Approved adjustments to New Skeena Forest Products Inc. Rate Schedule 1821 contract demand of 4,500 kVA effective January 1, 2003.

L-59-03 TERASEN GAS

Revised the regulatory timetable contained in L-54-03 to allow TGI an opportunity to address and remedy specific stakeholder concerns regarding the Commodity Unbundling Application. Comments regarding the revised Rules for Gas Marketers were also requested.

L-60-03 TERASEN GAS

Letter denying TGI's application to offset bad debts incurred by Houweling Nurseries Ltd. in 2002 against balancing gas revenue received from Houweling in 2002 and 2003. Based upon information provided by the utility, the Commission considered that the circumstances did not warrant re-opening the rate-setting arrangements that were approved for 2002.

L-61-03 TERASEN GAS

Accepted recommendation that there would be no gas changes effective January 1, 2004 to propane commodity rates and the propane reference price for Revelstoke, or to the commodity component of interim gas rates for the Fort Nelson service area.

L-62-03 BC HYDRO

Approved and accepted for filing, adjustments to the diesel generation costs covering the period July 1, 2003 to June 30, 2004, as noted below. The Commission acknowledge that BC Hydro would recalculate the rate charged its Zone II Special Contract customers effective June 12, 2003 and issue refunds.

Electric Tariff Supplement No. 7 - Interruptible Electricity Supply Agreement with Central Coast Power Corporation at an energy charge of 19.25 cents per kWh.

Electric Tariff Supply No. 8 - Interruptible Electricity Supply Agreement with Queen Charlotte Power Corporation at an energy charge of 19.25 cents per kWh.

L-1-04 BC HYDRO AND BCTC

Letter directing that the BCTC application for the following deferral accounts proposed to come into effect April 1, 2005 will be heard at the same time as BC Hydro's 2004 Revenue Requirements Application. There will be one process and one record for both applications.

- A Utilization and Credit Risk Deferral Account
- An Emergency Maintenance Expenditure Deferral Account
- A Cost of Market Deferral Account
- A Regulatory Expenditures Deferral Account

L-2-04 ICBC

Letter accepting ICBC's proposal, as amended by the Commission, regarding the filing of two applications in 2004: the Performance Measures and Basic Insurance Sharing Proposal and the 2005 Revenue Requirements application.

L-3-04 ICBC

Letter responding to Mr. Russell Sykes' correspondence of December 31, 2003, and January 5 and 11, 2004 regarding the ICBC 2004 Revenue Requirements process.

L-4-04 BCUC

Invited utilities and other interested parties to provide written comments by February 20, 2004 on the draft CPCN Application Guidelines prepared by the BCUC, and intended to replace the current CPCN Application Requirements established by Order No. G-133-99. The CPCN Application Guidelines include procedures for filing CPCN applications and discuss deemed CPCN's and the filing of statements regarding planned extensions to utility plant or systems. Recent amendments to the Act provide for the filing of resource plans by utilities and these plans are expected to provide support for and facilitate the review of CPCN applications.

L-5-04 TERASEN GAS/TGVI/AQUILA/BCTC

Directed each utility to file a Resource Plan before the end of 2004 in accordance with the Commission's December 2003 Resource Planning Guidelines so that their plan can be evaluated and a review process established, as necessary. The utilities are requested to notify the Commission of their intended filing date by the end of February 2004 and to recommend their preferred schedule for annual updates or renewal of their Resource Plan.

L-6-04 TERASEN GAS

Denied approval of an Interruptible Liquefied Natural Gas Sale and Dispensing Services Agreement with Clean Energy Fueling Services Corp. as the Commission considered that the proposed sale of Liquefied Natural Gas to Clean Energy may adversely affect the supply security of utility gas sales customers, and that the proposed rate for service was insufficient in comparison to the cost of providing the service and the market value of the product.

L-7-04 PNG

Confirmed that PNG would hold a Workshop on its Application to Recapitalize PNG and PNG (N.E.) under an Income Trust Ownership Structure.

L-8-04 ICBC

Granted ICBC's request to defer the filing requirement for a proposal with respect to competitive practices, but required the proposal to be filed no later than the date of the 2005 Revenue Requirements Application.

L-9-04 AQUILA

Accepted the final cost estimates of January 14, 2004 as a basis for cost control for the South Okanagan Supply Reinforcement Project.

Denied approval of the proposed Cost Containment Mechanism as the Commission believes that the best interests of ratepayers are better served by a stringent cost control and project management regime subject to prudency reviews, rather than the cost containment mechanism.

L-10-04 BC HYDRO

Requested a comprehensive report on the changes made to the utility's billing system as detailed in its confidential security deposit policy review. The report is to include the numbers of customers who have been issued letters requiring payment of a security deposit, the numbers of customers disconnected as a result of not paying the requested security deposit, the numbers of accounts that have paid the deposit, and the numbers of accounts that have paid both a reconnection fee and security deposit.

Directed that BC Hydro should not further disconnect active customer accounts for non-payment of security deposits on the basis of the changes until such time as the matter is reviewed and the Report from BC Hydro has been received and considered by the Commission.

L-11-04 TERASEN GAS

Letter issuing the Commission's Decision on the complaint by the Heating Ventilating Cooling Industry Association alleging non-compliance by Terasen Gas with certain directives in the Commission's February 4, 2003 Revenue Requirements Decision.

L-12-04 BC HYDRO

Upon review of a change in the calculation of the Basic Charge and the Regional Transit Levy, the Commission directed BC Hydro to advise of the remedial measures that the utility proposes to take in order to bring customer bills back into line with the filed Electric Tariff.

Should the change made to the billing be considered an improvement to the Electric Tariff, BC Hydro was invited to apply for the appropriate tariff changes, with supporting information to demonstrate the efficiency and fairness of the changes.

L-13-04 BC HYDRO

Denied the Joint Industry Electricity Committee's application for review and variance of Commission Order No. G-8-04 that approved an interim increase for BC Hydro, subject to refund with interest following the completion of the oral public hearing into BC Hydro's 2004/05 and 2005/06 Revenue Requirements Application.

L-14-04 FORTIS PACIFIC HOLDINGS INC.

Letter amending the filing date for the submission of Intervenor information requests and extending the deadline dates for subsequent filings relating to the Fortis Application to acquire a reviewable interest in Aquila Networks Canada (British Columbia) Ltd.

L-15-04 TGVI

Letter to participants adjourning the Commission's review of the TGVI Application for Reconsideration of the Commission's Decision dated June 5, 2003 on TGVI's 2002 Rate Design Application until after the judgment of the Court of Appeal has been issued.

L-16-04 BC HYDRO

Requested BC Hydro and TGVI to appear before the Commission for the oral phase of BC Hydro's Application for Reconsideration of Part of the Commission's Decision dated June 5, 2003 on TGVI's 2002 Rate Design Application.

L-17-04 HVES

In response to a customer complaint regarding non-payment of interest on security deposits, and following a review by the Commission, HVES was directed to make an acceptable proposal for the resolution of the Complaint. Should the utility fail to make such a proposal the Commission will consider ordering a hearing into this matter.

L-18-04 BCUC

Letter releasing the Commission's Certificate of Public Convenience and Necessity Application Guidelines.

L-19-04 AQUILA

Letter denying a customer complaint regarding the transformer noise at the Grand Forks Substation. The Commission accepted the conclusion in the study by Acoustical Consultants and considered that, in comparison with environmental standards for noise in other jurisdictions, the noise levels were not excessive. The Commission also noted that the transformer noise levels meet industry practices according to CSA standards.

L-20-04 TERASEN GAS

Established a Workshop for April 2, 2004 on the Application for Rate Schedules 7, 10, 14 and 14A for the November 1, 2004 through October 31, 2005 Gas Contract Year.

L-21-04 TGVI

Directed that the Gas Supply Strategy for Thermal Generation on Vancouver Island expenditures to be recorded in the subject deferral account will be limited to external expenditures that relate to a proposed LNG storage facility on Vancouver Island.

Approved an increase to the amount of preliminary investigation expenditures to be recorded in the deferral account approved by Order No. G-69-03.

In order that the Commission can monitor progress on the preliminary investigation, TGVI is to file progress reports at two month intervals that provide updates on the work program and cost estimates and identify expenditures to date. Progress reports should be filed at the end of May, July and September 2004.

L-22-04 BC HYDRO/BCTC

Letter issuing an Agenda for Pre-hearing Conference No. 2 regarding the BC Hydro 2004/05 and 2005/06 Revenue Requirements Application and BCTC's Application for Deferral Accounts.

Publications

Copies of the following publications are available upon request or from the Commission's web site at *http://www.bcuc.com* :

- Utilities Commission Act, R.S.B.C. 1996, Ch. 473
- Introduction to the BC Utilities Commission - what it is, what it does, and why (pamphlet)
- Public Hearing Process - why we have public hearings and how to participate (pamphlet)
- Complaint Handling Procedures (pamphlet)
- Understanding Utility Regulation: A Participants' Guide to the British Columbia Utilities Commission
- Retail Markets Downstream of the Utility Meter Guidelines
- Resource Planning Guidelines
- Negotiated Settlement Procedures
- Guidelines for Certificate of Public Convenience and Necessity Applications
- Setting Gas Recovery Rates and Managing the Gas Cost Reconciliation Balance Guidelines

Copies of the following documents issued by the Commission are also available upon request or from the Commission's web site:

- Orders
- Decisions
- Regulatory Agendas
- Annual Reports
- Participant Assistance Cost Award Guidelines - Revised
- Service Plans
- Return on Common Equity

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Glossary of Terms

allowance for funds used during construction (AFUDC)	The amount a regulated entity is allowed to earn to recover its cost of financing assets under construction. AFUDC is equal to the average cost of the construction work in process, times a financing rate which is usually equal to the entity's cost of capital rate. AFUDC is not recovered immediately through rates; it is included in the cost of the related assets and recovered in future periods through the depreciation charge.
allowed rate of return	The rate of return a regulated entity is allowed the opportunity to earn. When applied to the rate base, the allowed rate of return provides an amount equal to the cost of financing the investment required for regulated operations. The financing costs include both the cost of debt and the cost of equity.
alternative dispute resolution (ADR)	See "negotiated settlement process".
application for reconsideration	An application to have the Commission reconsider, vary, or rescind a decision or order previously issued.
burnertip rate	The rate charged for gas at the customer's meter, including the delivery charge, fixed monthly charge and gas commodity charge. It is usually calculated as an annual average rate based on typical annual consumption for the customer class.
capital cost	The fixed costs associated with the construction of an energy facility, including land and siting costs, material and labour costs, allowance for funds used during construction, and other applicable overhead charges.
cogeneration	The generation of electric power in conjunction with the use of steam in an industrial or space heating process, using waste heat from one process to drive the other. Cogeneration is more efficient compared to traditional thermal generating plants.
common carrier(s)	An energy transportation provider, typically a crude oil or natural gas pipeline which provides service on a non-discriminatory basis to all potential shippers.
cost of service	The total cost of providing service, including operating and maintenance expenses, depreciation, amortization, taxes and cost of capital. The cost of service is also known as "revenue requirements".

cost of service study	A study to determine the cost of service by class of service and/or customer. These studies are used to help determine how the revenue requirements are to be allocated among the rates for the various services/customers.
cross subsidization	Increasing the rates for one service or class of customers so the rates of another service or class of customers can be reduced below cost.
debt-equity ratio	The ratio of money borrowed by the utility to money invested in the utility by shareholders. There is a theoretical optimum for this for each utility.
deferral account	An account that records the deferral of a cost or revenue until a future date. A deferred asset account records a cost that would normally be expensed and recovered in the current period, but which is to be expensed or recovered in a future period. A deferred liability account records an amount recovered in the current period, to cover costs of providing service in a future period.
demand-side management (DSM)	Efforts to modify customer demand patterns by either increasing end-use energy efficiency or reducing fluctuations in energy demand.
distributed generation	Generation that is relatively small scale and located close to the final customer.
distribution system	The portion of an electric or natural gas transportation infrastructure that connects end-users to bulk production or transportation facilities.
energy losses	Energy lost during transportation from suppliers to end-users. Energy losses on a typical natural gas system are around 1 to 3 percent. Energy losses on a large electric system are around 5 to 8 percent.
export sales	Bulk sales of electricity or natural gas outside of British Columbia.
firm capacity	The amount of instantaneous energy production or transportation capacity that is available at a defined time.
firm energy	The amount of energy that is available over a defined period of time.
fixed cost	Costs associated with an energy production or transportation facility which must be paid whether the plant operates or not. Fixed costs generally include capital costs, contract demand charges and operating costs which are committed or unaffected by production levels.

gas cost reconciliation account (GCRA) **gas cost variance account (GCVA)**	A deferral account which accumulates the variance in actual gas costs from the actual gas revenue recovered in customer rates.
green power rates	Rates changed for electricity service from generators which do not pollute or damage the environment. Different groups define "green" power with various levels of restriction. For example, a run of the river hydro plant may be included while a new dam and reservoir may be excluded.
hydroelectric energy, hydroelectricity	Electric energy produced by water falling through a turbine generator. In British Columbia, hydroelectricity is the dominant form of electric energy production.
incentive regulation	Regulation which rewards utilities for cost savings or other actions which are desired by ratepayers.
independent power producers (IPPs)	Non-utility electric energy generators. Until the early 1970s, independent power producers were rare. With recent changes in utility technology and economics, they have become more common. Many issues relating to restructuring of the utility industry involve the role of independent power producers in a deregulated energy market.
information requests	Questions posed to those who have filed evidence for a hearing, pertaining to the evidence they have filed. Information requests and their responses are made prior to the hearing, in writing, and become evidence in the hearing. Information requests are also referred to as "interrogatories".
interim rate	A rate which is put in place until the regulator can determine the final rates. If the final rates are lower than the interim rates, customers are generally refunded their over-contributions with interest for the period of time the interim rates existed.
interruptible energy, interruptible service	Energy flow which can be reduced or cut off on relatively short notice when needed by other customers. Generally, interruptible energy is sold by contract at a reduced price or without fixed charges to end-users, with specific terms and conditions governing interruptibility rights.
investor-owned utility	A utility owned by private shareholders.
joule	A measure of energy or work done equal to a force of 1 newton applied through a distance of 1 metre. One gigajoule (one billion joules) is roughly equal to energy from 915 cubic feet of natural gas, 29 litres of gasoline, or 278 kWh of electricity.

kilowatt-hour	1,000 watt-hours.
load	The amount of energy required by end-users on a given portion of the system at a given time. Load originates primarily at customers' energy-consuming equipment.
load growth	Increase in the demand for energy.
load-resource balance	The point at which demand for energy exactly equals energy production.
local distribution company (LDC)	A utility (natural monopoly) that owns and operates the local delivery network for commodities such as electricity, natural gas and water. In a vertically integrated utility, local delivery is just one of several functions (e.g., BC Hydro). Thus, a LDC only exists when the delivery function has been vertically de-integrated (e.g., Terasen Gas).
market-based rates	Prices set freely in a competitive market, rather than prices based on costs of production.
megawatt (MW)	1,000 kilowatts, or 1,000,000 watts.
natural monopoly	An industry whose market output is produced at the lowest cost when production is concentrated in the hands of a single firm. The term utility is sometimes applied synonymously with natural monopoly.
negotiated settlement process (NSP)	A less formal process where the applicant, interested parties and Commission staff meet to review and attempt to negotiate a settlement on some or all aspects of an application. NSP is used to complement or as an alternative to the traditional regulatory process (e.g., oral public or written hearings) in an effort to save time and reduce the cost of utility regulation while achieving sound regulatory outcomes.
peaking gas	Gas which is stored or purchased under contracts which will allow delivery during the periods of highest demand.
performance-based rates	See "incentive regulation".
petajoule (PJ)	10^{15} or one quadrillion joules.
quasi-judicial	The powers and processes of a regulator which are similar to the courts.
rate base	The amount of investment in regulated operations on which a regulated entity is allowed to earn a return. It usually consists of the depreciated value of the plant in service required for regulated operations plus an allowance for working capital and deferred assets.

rate design	The methodology for apportioning the revenue requirement to the various classes of utility customers.
rate rider	A specific charge on a customer's bill to recover a specific cost over a fixed period of time.
ratepayers	The customers of a utility.
rates	The prices at which regulated services are provided.
real time pricing (RTP)	Variable pricing of electricity in which the price depends on the cost or market value of providing electricity during each time segment. Applying RTP to electricity service results in customer rates that vary according to the specific utility costs at various times.
retail competition	Permitting end-use energy customers to contract directly with energy suppliers for their electricity or natural gas commodity, while continuing to deal with transmission and distribution utilities for the commodity delivery. The energy commodity is generally sourced in a competitive marketplace.
return on equity (ROE)	The percentage return allowed for the invested equity of utility shareholders.
revenue requirements	See "cost of service".
self-generation	Generation of electricity by a customer for part or all of its own load requirements.
spot market	A real-time commodity market for immediate sale and delivery of energy products.
time-of-use rates	A rate structure that prices electricity at different rates, reflecting the changes in the utility's costs of providing electricity at different times of the day or year.
transmission grid, transportation grid, transmission system	An interconnected system of high voltage energy transportation lines and associated facilities used for bulk transfers of electricity. A high-pressure pipeline used for bulk transfers of natural gas is also referred to as a transmission system.
watt	The power required to do work at the rate of one joule per second.
watt-hour	One watt-hour is equal to 3,600 joules of energy.
wheeling	The service of delivering electricity across a transmission system for a third party.

wholesale markets	Wholesale electricity markets are comprised of transactions between buyers and sellers of bulk power at points on a high voltage transmission system.
wholesale rates	The unit prices charged for bulk energy services.